

**CITY OF SLIDELL, LOUISIANA****COMPREHENSIVE ANNUAL  
FINANCIAL REPORT****For the Year Ended June 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-24-07

Submitted by:

Department of Finance

**SHARON HOWES, CPA**  
Director

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# *The City of Slidell*

P. O. Box 828 • Slidell, Louisiana 70459  
Telephone (985) 646-4333  
Fax (985) 646-4209

**BEN O. MORRIS**  
MAYOR

December 1, 2006

To the Honorable Mayor Ben Morris, Members of the Slidell City Council and  
Citizens of the City of Slidell:

State law requires that all governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that extended deadline, we hereby issue the comprehensive annual financial report of the City for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility of the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Rebowe & Company, CPAs, APC a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal

controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

Slidell, the largest municipality in St. Tammany Parish, was founded in 1888. The City's system of government is established by its Home Rule Charter, which was adopted in 1978. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the power and functions of any local subdivision that operates under a Home Rule Charter.

The City has a Mayor-Council form of government. The governing council is responsible, among other things, for passing ordinances and adopting the budget. The Mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members and the Mayor serve four-year terms and are limited to two consecutive terms. Seven of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a full range of services including police protection; water and sewer services; airport facilities; the construction and maintenance of highways, streets, drainage and infrastructure; recreational activities and cultural events. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No component units are included in the reporting entity. A more detailed discussion of reporting entity is included in Note A1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Mayor on or before mid January each year. The Mayor uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the council for review by April 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 1. Operating budgets are prepared by fund and by department. Department heads may make transfers of appropriations within a department. The transfer of appropriations between departments requires the approval of the governing council. The Mayor also recommends to the City Council a capital improvement program for the next five years and a capital budget by project for the first year of the program. The City Council is obligated to approve a capital budget program and adopts the capital budget concurrently with

the annual operating budget. Transfers between capital project line items require approval by the City Council. Unexpended capital appropriations carry over for a total of three years or until re-appropriated.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and sales tax fund, this comparison is presented on pages 49 - 52 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund and sales tax fund, with an appropriated annual budget, this comparison is presented in the governmental fund subsection of this report, which is presented on pages 57 - 59.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Hurricane Katrina.** On August 29, 2005, Hurricane Katrina caused catastrophic water and wind damage to Slidell. Approximately 51% of the city's land mass was inundated with up to 4 to 5 feet of storm surge causing flooding to approximately 5,600 residences and 700 businesses. Approximately 400 homes were deemed substantially damaged and 40 placed on a list for condemnation hearings. After a slow start, residential and commercial rebuilding is now moving at a swift pace. The City suffered extensive damage to its administrative buildings, equipment and infrastructure. Ten structures including city hall, the council chambers and the building that housed our jail and police administration were ruined by Katrina floodwaters. One hundred sixty three city office workers and our prison inmates were displaced. Most city offices remain in trailers as of the date of this report. Substantially all vehicles and machinery lost in the storm were replaced with local and FEMA funding. Work to remove debris and to clean out our drainage and sanitary systems was contracted and is now substantially complete. As expected, the impact of Hurricane Katrina is pervasive throughout the City's economy as well as the 2006 financial statements.

**Local economy.** Slidell (population: approximately 29,000) is located in the southeastern portion of St. Tammany Parish, about 20 miles north of New Orleans. The City is primarily a residential area that continues to benefit from commercial growth. The City's taxable assessed value for in fiscal 2006 decreased by from \$167.6 million to \$148.9 million (11.2%) to reassessment of storm damaged property. Total market value is estimated at around \$1.3 billion. The property tax base is expected to grow modestly in the next year. Very little rebuilding of storm damaged property occurred prior to the date of assessment for fiscal 2007 (January 2006). Due to vigorous rebuilding and recovery efforts, the fiscal 2008 assessed value is expected to meet or exceed pre-Katrina levels. Prior to Katrina the five year averaged property tax growth rate was 5% per year. Similar growth rates are expected to return in the future. Slidell's tax base is somewhat concentrated, with the 10 leading taxpayers representing about 21% of assessed value. The leading employers and taxpayers are in the health care, utility, financial and retail sectors.

Slidell, a suburb of New Orleans, is uniquely located at the intersection of 3 interstates – Interstate 10, 12 and 59. Slidell serves as a retail center for the unincorporated areas of southeastern St. Tammany Parish. As a result of its location, per capita retail sales in the City are well above the national level. Slidell's unemployment rate is well below state and national levels, and stood at 4.2% through June 2006.

For over a decade, St. Tammany Parish has remained the fastest growing parish in the state as New Orleanians continue to move north of Lake Pontchartrain. The 2000 Census data revealed that St. Tammany Parish grew at the fastest rate in the state a 32% increase for 1990. St. Tammany Parish experienced strong residential growth over the past year when displaced victims of Hurricane Katrina from surrounding parishes and the Mississippi Gulf Coast relocated to sections of St. Tammany Parish that did not experience flooding.

**Long-term financial planning.** The amount of FEMA aid to rebuild or renovate the City's public buildings ruined by Hurricane Katrina is uncertain as of this date. The long-term financial plan to address the rebuilding of city offices is expected to be incorporated into the fiscal 2008 budget if the level of FEMA assistance is known by the time the budget is introduced. The precise level of FEMA reimbursement of costs to address damage to the City's infrastructure such as debris removal, drainage system cleaning and sanitary sewer system cleaning has not been determined but is expected to be finalized soon. The City plans to fund these costs through appropriations of the unreserved fund balance in the general fund and sales tax fund as of June 30, 2006 in the fiscal 2007 supplemental budget.

The City completed phase one of a master plan to guide its future development over the next 20 years in 2005 and is expected to begin phase two of the master plan in 2007. The goals and objectives established in the 2001 Priorities Convention were used as a basis to formulate the master plan. When the plan is completed four elements will be addressed – land use, transportation, beautification and infrastructure.

In conjunction with, but separate from the citywide master plan, a separate detailed master plan was developed for a 400-acre multi-use development centered on a University of New Orleans technology park situated near a new interchange off Interstate-10. Financing for the study was provided by CLECO, an electricity utility corporation, the State of Louisiana and in kind services of the city planning department. Although Hurricane Katrina delayed implementation of the plan, the plan is moving forward.

**Cash management policies and practices.** The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure the most efficient and profitable use of the City's cash resources. While efforts are made to maximize the return on the City's investment dollar, our primary goal is to ensure the return of principal.

Cash temporarily idle during the year was invested in demand deposits, time deposits and U.S. government or government agency securities. Interest earned on cash designated for specific purposes is allocated directly to that purpose. Interest revenue earned on investments by the City for all funds during fiscal 2006 totaled \$656,000 compared to \$296,000 earned during the previous year.



**Risk management.** The City funded a risk management division with two employees in 1996. This division develops safety programs, investigates small claims and employee accidents, and coordinates employee health benefits.

The City is currently enrolled in partial self-insurance programs for liability, medical, dental and workers' compensation claims. Third party coverage is maintained on all insurances, which becomes effective after specific and/or aggregate retentions are met. At the close of the current year, the General Fund has designated fund balance totaling \$586,000 to meet these potential losses. General Fund balance reserved for insurance totaled \$275,000. This relates directly to investments required by Louisiana Statutes for entities with self-funded workers' compensation plans. Additional information on the City's risk management activity can be found in Note K of the notes to the financial statements.

**Retirement benefits and other post-employment benefits.** Information on the City's retirement benefits can be found in Note C of the notes to the financial statements and information on the City's post-employment benefits can be found in Note L of the notes to the financial statements.

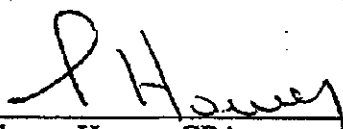
## **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Slidell for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This is the twenty first consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current (CAFR) continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances

Respectfully submitted,

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Sharon Howes, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Slidell  
Louisiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**CITY OF SLIDELL  
PRINCIPAL ELECTED OFFICIALS  
JUNE 30, 2006**

**CITY ADMINISTRATION**

Ben O. Morris - Mayor

Fredrick Drennan - Chief of Police

**COUNCIL MEMBERS**

Pearl Williams - Councilwoman-at-Large

Marti Livaudais - Councilwoman-at-Large

Elsie Burkhalter - District A

Richard S. Hursey, Jr. - District B

Landon Cusimano - District C

Kevin Kingston - District D

Raymond H. Canada - District E

Kim Baronet Harbison - District F

Greg Cromer - District G, President

**NEWLY ELECTED OFFICIALS**

Kevin Kingston - Councilman-at-Large

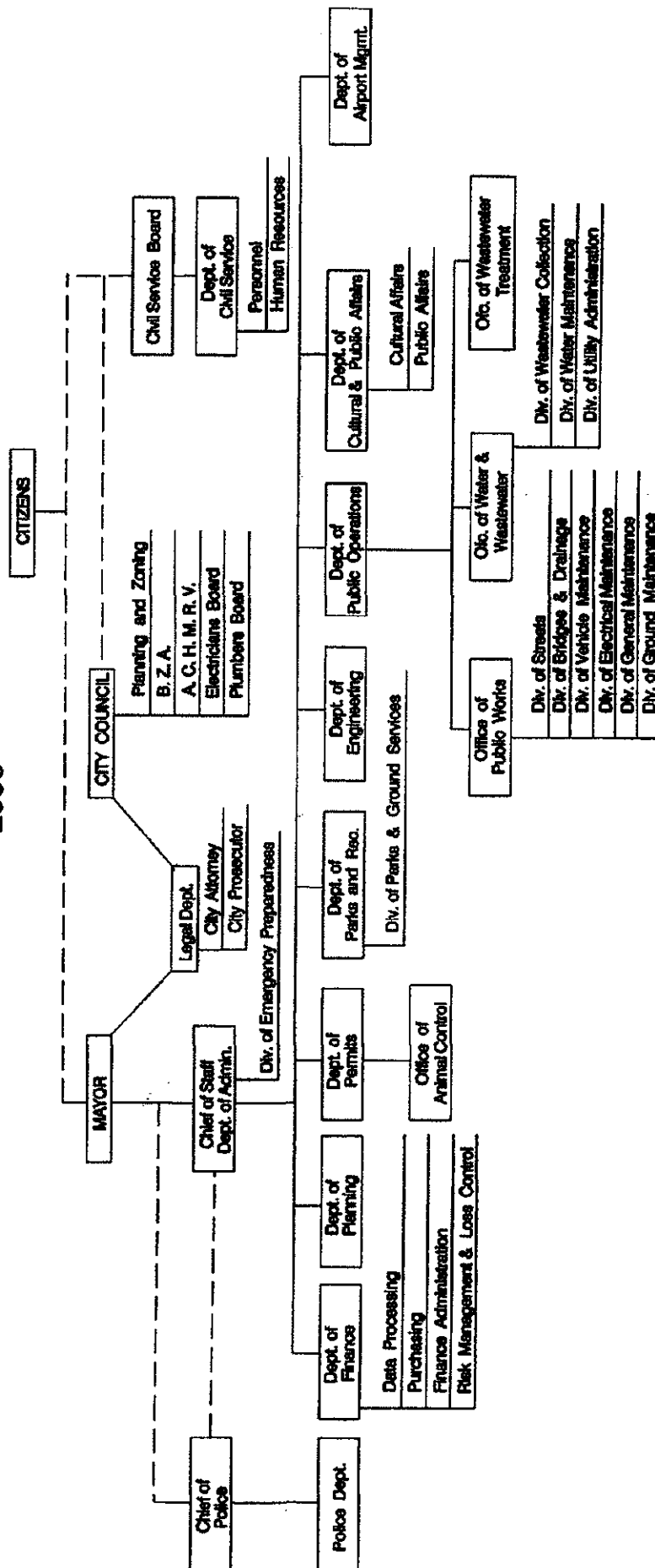
Lionel Hicks - District A

Warren Crockett - District C

Joe Fraught - District D

# ORGANIZATIONAL PLAN for the GOVERNMENT of the CITY of SLIDELL

2006



# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009  
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
City of Slidell, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Slidell, Louisiana (the "City"), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparisons on pages 3 through 12 and 49 through 52 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management\ regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements, schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund statements, schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Reboue & Company*

October 6, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Slidell's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the transmittal letter on page IV and the City's financial statements, which begin on page 13.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 and 14) provide information about the activities of the City as a whole and present a long-term view of the City's finances.

Fund financial statements start on page 15. For governmental activities, these statements report how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as an agent for the benefit of those outside of the government.

### **The Statement of Net Assets and the Statement of Activities**

Our analysis of the City as a whole begins on page 5. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's financial activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. As such, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall financial health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, public works, and parks departments, and general administration. Sales and use taxes, property taxes, franchise fees, and state and federal grants finance most of these activities.

- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system and airport are reported here.

## **Fund Financial Statements**

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 15 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to account for it to meet legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.
- Proprietary funds - When the City charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information such as cash flows, for proprietary funds.

## **Reporting the City's Fiduciary Responsibilities**

The City also holds certain assets in a fiduciary capacity for individuals, organizations and others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Assets and Liabilities on page 23. We exclude these assets from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.



## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary basis reporting for the General Fund and the Sales Tax Fund. Required supplementary information can be found on pages 49 to 52 of this report.

The combining statements of non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 49 to 52 of this report.

## Hurricane Katrina

On August 29, 2005, Hurricane Katrina caused catastrophic water and wind damage to Slidell. Approximately 51% of the City's land mass was inundated with up to 4 to 5 feet of storm surge causing flooding to approximately 5,600 residences and 700 businesses. The City suffered extensive damage to its administrative buildings, equipment and infrastructure. As expected, the impact of Hurricane Katrina is pervasive throughout the City's 2006 financial statements.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$96.2 million at the close of fiscal year 2006 as compared to \$88.8 million at the close of fiscal year 2005.

**Table 1**  
**Net Assets**  
(In Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 24,771	\$ 14,635	\$ 6,934	\$ 4,979	\$ 31,705	\$ 19,614
Capital assets	<u>59,440</u>	<u>62,000</u>	<u>47,601</u>	<u>46,283</u>	<u>107,041</u>	<u>108,283</u>
Total assets	<u>84,211</u>	<u>76,635</u>	<u>54,535</u>	<u>51,272</u>	<u>138,746</u>	<u>127,897</u>
Long-term debt outstanding	27,395	28,340	8,019	7,917	35,414	36,257
Other liabilities	<u>6,261</u>	<u>1,851</u>	<u>845</u>	<u>1,030</u>	<u>7,106</u>	<u>2,881</u>
Total liabilities	<u>33,656</u>	<u>30,191</u>	<u>8,864</u>	<u>8,947</u>	<u>42,520</u>	<u>39,138</u>
Net assets						
Invested in capital assets, net of related debt	37,365	37,065	39,918	38,716	77,283	75,781
Restricted	4,547	4,710	1,028	1,055	5,575	5,765
Unrestricted	<u>8,643</u>	<u>4,669</u>	<u>4,725</u>	<u>2,544</u>	<u>13,368</u>	<u>7,213</u>
Total net assets	<u>\$ 50,555</u>	<u>\$ 46,444</u>	<u>\$ 45,671</u>	<u>\$ 42,315</u>	<u>\$ 96,226</u>	<u>\$ 88,759</u>

**Table 2**  
**Changes in Net Assets**  
(In Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$2,752	\$2,826	\$6,539	\$7,618	\$ 9,291	\$10,444
Operating grants	15,489	499	-	-	15,489	499
Capital grants	4,335	2821	2,976	1,851	7,311	4,672
General revenues						
Sales tax	23,569	18,094	-	-	23,569	18,094
Property tax	3,004	3,718	1,328	1,542	4,332	5,260
Other tax	1,727	1,662	-	-	1,727	1,662
Other general revenue	<u>666</u>	<u>404</u>	<u>143</u>	<u>46</u>	<u>809</u>	<u>450</u>
<b>Total revenues</b>	<u>51,542</u>	<u>30,024</u>	<u>10,986</u>	<u>11,057</u>	<u>62,528</u>	<u>41,081</u>
<b>Program expenses</b>						
General government	7,018	6,780	-	-	7,018	6,780
Public works	20,580	11,488	-	-	20,580	11,488
Public safety	12,214	7,901	-	-	12,214	7,901
Parks and recreation	1,525	1,409	-	-	1,525	1,409
Judicial system	288	307	-	-	288	307
Interest on long term debt	898	1,014	-	-	898	1,014
Utilities	-	-	8,356	8,114	8356	8,114
Airport	<u>-</u>	<u>-</u>	<u>457</u>	<u>416</u>	<u>457</u>	<u>416</u>
<b>Total expenses</b>	<u>42,523</u>	<u>28,899</u>	<u>8,813</u>	<u>8,530</u>	<u>51,336</u>	<u>37,429</u>
Excess before transfers & impairment loss	9,019	1,125	2,173	2,527	11,192	3,652
Transfers	<u>(2,178)</u>	<u>350</u>	<u>2,178</u>	<u>(350)</u>	<u>-</u>	<u>-</u>
Excess before impairment loss	<u>6,841</u>	<u>1,475</u>	<u>4,351</u>	<u>2,177</u>	<u>11,192</u>	<u>3,652</u>
Impairment loss	<u>(2,730)</u>	<u>-</u>	<u>(996)</u>	<u>0</u>	<u>(3,726)</u>	<u>-</u>
<b>Increase in net assets</b>	<u>\$4,111</u>	<u>\$1,475</u>	<u>\$3,355</u>	<u>\$2,177</u>	<u>\$7,466</u>	<u>\$3,652</u>

By far the largest portion of the City's net assets (80 percent) reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Slidell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Slidell's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Slidell's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (14 percent) may be used to meet the government's general ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Slidell is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net assets increased \$7,466 million during the current fiscal year.

### **Governmental Activities**

Governmental activities increased the City's net assets by \$4,111,000, thereby accounting for 55% of the total growth in net assets of the City of Slidell.

Total revenue increased by \$21.5 million or 72%. Key elements of the increase are as follows:

- Sales tax revenue increased \$5,475,000 or 30%. This increase is attributed to post-Katrina rebuilding and replacement of storm damaged personal property.
- Operating grants increased by \$14,990,000 - from \$499,000 in 2005 to \$15,489,000 in 2006. Operating grants in 2006 primarily represent reimbursement of costs related to Hurricane Katrina from the Federal Emergency Management Agency (FEMA). Operating grants include \$5.2 million for debris removal, \$4.2 million for emergency protective measures, \$2.7 million for roadside drainage cleaning and \$1.1 million for sanitary sewer system cleaning. The City also received a \$1 million emergency operating grant from the state following Hurricane Katrina.

Total expenses increased by \$13,624,000 or 47% primarily due to Hurricane Katrina response and recovery efforts as discussed above.

Net operating transfers to governmental activities decreased \$2,528,000. An operating transfer to the general fund for payment in lieu of taxes from the utility fund was suspended in 2006 due to loss of utility fund revenue following Hurricane Katrina. In addition, \$2,000,000 in proceeds from the Community Disaster Loan as recorded in the special revenue fund of the same name was recorded as an operating transfer to the utility fund.

The net book value of capital assets used for governmental activities was reduced by \$4,471,000 to reflect impairment related to Hurricane Katrina damages. After allowing for anticipated insurance recoveries an impairment loss of \$2,730,000 was recorded in the statement of activities for governmental activities.

### **Business-type Activities**

Business type activities increased the City of Slidell's net assets by \$3,355,000, thereby accounting for 45% of the total growth in net assets of the City of Slidell. Key elements of the increase are as follows:

- Capital grant revenue increased \$1,125,000 primarily due to grants for airport improvements.
- Charges for services decreased by \$1,079,000 or 14%. All utility customers were granted a "hurricane credit" for the month of September 2005. Additional revenue loss is attributed to residences that were unoccupied and businesses that were closed as a result of storm damage.
- Ad valorem tax revenue decreased by \$214,000 or 14% due to reassessment of storm damaged property.
- Utility fund expenses increased \$242,000 or 3% due to a storm related overtime and costs offset by the savings from vacant positions after the storm.
- Net operating transfers received from governmental activities increased \$2,528,000. An operating transfer to the general fund for payment in lieu of taxes from the utility fund was suspended in 2006 due to loss of utility fund revenue following Hurricane Katrina. In addition, \$2,000,000 in proceeds from the Community Disaster Loan as recorded in the governmental special revenue fund of the same name was recorded as an operating transfer to the Utility Fund.
- The net book value of capital assets used for business activities was reduced by \$80,000 to reflect impairment related to Hurricane Katrina damages and reduced by \$916,000 to reflect impairment related to obsolescence and replacement associated with the three year \$4,100,000 wastewater treatment plant upgrade project that was completed in 2006. An impairment loss of \$996,000 was recorded in the statement of activities for business activities in 2006.

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,964,000, a decrease of \$1,495,000 in comparison with the prior year.

Approximately 56% of this total amount (\$6,099,000) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because 1) it has already been committed to pay debt service and honor bond covenants (\$3,336,000), 2) it is legally restricted by other outside parties (\$358,000) or 3) it is not available for appropriation (\$1,171,000).

The fund balance of the general fund increased \$1,593,000 in the current year and increased \$33,000 in the prior year. Total revenues increased by \$1,126,000 or 17% primarily due to the receipt of a \$1,000,000 grant from the state to provide for general fund operations in the aftermath of Hurricane Katrina. Expenditures increased \$370,000 or 3% primarily due to increases in overtime expenditures related to Hurricane Katrina response and recovery. In lieu of an administrative cost allocation, the sales tax fund and the utility fund usually transfer a portion of their revenue to the general fund each year. Overall, operating transfers from other funds to the general fund increased by \$890,000 in fiscal 2006. The transfer from the sales tax fund which increased by \$1,459,000 in the current year as a result of higher sales tax collections following Hurricane Katrina was offset by a decrease of \$569,000 or 100% from the previous year from the utility fund due to decreased utility revenue collections following Hurricane Katrina.

The fund balance of the sales tax fund increased \$5,395,000 in the current year and increased \$66,000 in the prior year. Total revenues in the sales tax fund increased \$4,032,000 from the prior year. Revenue from sales tax increased \$5,475,000 or 30% due to post-Katrina rebuilding and replacement of storm damaged personal property. Grant revenue in the sales tax fund decreased by \$1,318,000. Beginning in fiscal 2005, new grant awards are accounted for in the grants and donation fund. Expenditures in the sales tax fund decreased \$2,206,000 or 16% primarily due to a decrease in capital expenditures. Fluctuations in capital expenditures from one year to the next are common. Capital appropriations are for a minimum three year period because capital projects often require time for design and engineering before more cost intensive construction occurs. In 2006 many capital projects were delayed or placed on hold while the City focused on emergency response and recovery after Hurricane Katrina.

As June 30, 2006, the Katrina fund has a fund deficit of \$7,918,000. After Hurricane Katrina struck on August 29, 2005, the City created this fund to account for FEMA reimbursements, insurance proceeds and the related costs associated with the storm. The City expended \$16,429,000 on storm response and recovery for the year ended June 30, 2006. Public assistance grant revenue from FEMA totaled \$7,631,000 and insurance proceeds totaled \$887,000 for fiscal year 2006. The City expects additional assistance from both FEMA and insurance to cover the current year shortfall. Any unreimbursed costs will be funded with available fund balance in the sales tax fund and the general fund as of June 30, 2006.

### **General Fund Budgetary Highlights**

The City Council revised the original adopted budget twice. The first budget amendment reduced virtually all general fund revenue sources to reflect anticipated shortfalls following Hurricane Katrina. The shortfall was initially funded through a \$1,000,000 grant for operations from the State and proceeds from the community disaster loan program. The second supplemental budget amendment eliminated the general fund use of funding from the community disaster loan, incorporated the use of available general fund balance at June 30, 2005, increased the transfer in from the sales tax fund and added additional funding to various operating budgets.

By budgetary policy, revenue estimates are prepared with a conservative bias. Overall, general fund revenue in 2006 experienced a positive variance of \$1,634,000 from the amount in the final adopted budget. After being revised downward from the original adopted budget in the aftermath of Hurricane Katrina, ad valorem tax, franchise and licenses/permits revenues showed

positive variances of \$290,000, \$296,000 and \$595,000 respectively from the revised budget following a stronger than anticipated recovery after the storm. Payments in lieu of tax to the general fund from the utility fund as reflected in the original adopted budget in the amount of \$589,000 were reduced to zero in the adjusted budget in consideration of the weak revenue in the utility fund due to loss of revenue from user fees and property tax as a result of Hurricane Katrina.

The final budget for expenditures increased \$287,000 (2.7%) from the original budget for 2006. Additional funding was allocated to various operating budgets primarily for hurricane overtime and for the payout of vacation and sick leave benefits to employees who retired or terminated in fiscal 2006. Actual expenditures did not significantly vary from the final adopted budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2006, the City had \$107 million invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, roads, drainage, bridges, airport facilities, wastewater treatment plant, water lines, and sewer lines (See Table 3). This amount represents a net decrease (including additions and deductions) of \$1.2 million (1%) from last year.

**Table 3**  
**Capital Assets at Year-end**  
(Net of Depreciation, In Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2006	2005	2006	2005	2006	2005
Land	\$10,266	\$10,169	\$ 76	\$ 76	\$10,342	\$10,245
Building and building improvements	12,226	15,329	426	444	12,652	15,773
Land improvements	3,420	3,865	3,394	3,640	6,814	7,505
Machinery and equipment	4,448	4,594	1,072	1,019	5,520	5,613
Infrastructure	26,648	27,578	40,062	35,728	66,710	63,306
Construction in progress	<u>2,432</u>	<u>465</u>	<u>2,571</u>	<u>5,376</u>	<u>5,003</u>	<u>5,841</u>
Total capital assets, net	<u>\$59,440</u>	<u>\$62,000</u>	<u>\$47,601</u>	<u>\$46,283</u>	<u>\$107,041</u>	<u>\$108,283</u>

This year's major additions include \$1,815,000 for airport improvements, \$1,439,000 for street improvements, \$1,311,000 for various drainage improvements, and \$1,169,000 for sewer system improvements.

The net book value of capital assets used for governmental activities was reduced by \$4,471,000 to reflect impairment related to Hurricane Katrina damages. The net book value of capital assets used for business activities was reduced by \$80,000 to reflect impairment related to Hurricane Katrina damages and reduced by \$916,000 to reflect impairment related to obsolescence and replacement associated with the \$4,100,000 wastewater treatment plant upgrade project that was completed in 2006. After allowing for anticipated insurance recoveries, impairment losses of

\$2,730,000 and \$996,000 are recorded in the statement of activities for governmental and business activities, respectively

More detailed information about the City's capital assets is presented in Note H to the financial statements.

### Debt

At year-end, the City had \$32.2 million in bonds, notes and capital leases outstanding versus \$33.1 million last year, a decrease of 3 percent, as shown in Table 4.

**Table 4**  
**Outstanding Debt, at Year-end**  
**(In Thousands)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds (backed by property tax)	\$7,890	\$8,920	\$ -	\$ -	\$7,890	\$8,920
Revenue bonds and notes (backed by specific tax and fee revenue)	9,550	11,155	7,683	7,567	17,233	18,722
Other notes (backed by a pledge of all lawfully available funds)	5,942	4,191	-	-	5,942	4,191
Capital lease obligations	<u>1,142</u>	<u>1,261</u>	<u>-</u>	<u>-</u>	<u>1,142</u>	<u>1,261</u>
	<u>\$24,524</u>	<u>\$25,527</u>	<u>\$7,683</u>	<u>\$7,567</u>	<u>\$32,207</u>	<u>\$33,094</u>

During 2006, the City borrowed \$2,000,000 from the community disaster loan program to fund governmental operations after Hurricane Katrina and drew down \$576,000 from the Department of Environmental Quality revolving loan program for wastewater treatment plant improvements. Principal reductions in 2006 were \$3,003,000 and \$460,000 in the governmental and business-type funds, respectively.

After a temporary downgrade following Hurricane Katrina, the City's general obligation bonds were restored to a pre-Katrina "A-" rating in July 2006 by Fitch Rating a national rating agency. In August 2006, Moody's Investor Services also affirmed A2 underlying ratings for both general obligation debt and sales tax revenue debt and revised the outlook to stable from negative. The State limits the amount of general obligation debt that cities can issue to 35% percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt (\$7.9 million) is significantly below this \$52 million state-imposed limit.

The City is self-insured with excess coverage for workers' compensation, general liability, auto liability, and employee medical. Claims and judgments of \$1,542,000 are outstanding at year-end compared with \$1,445,000 last year. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Notes H and K to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

### **Original Adopted Budget 2007**

The City's elected and appointed officials considered many factors when setting the original fiscal year 2007 budget. Sales tax revenue provides approximately 54% of the City's annual recurring revenue in the original adopted budget. At the time the budget was prepared, sales tax revenue was growing at a double digit pace fueled by post-Katrina spending. This high rate of growth was projected to continue through fiscal 2006 and into a portion of fiscal 2007. However, when residents exhaust their insurance checks and complete repairs of the homes and businesses, a dramatic decrease in spending is expected to follow. With that in mind, sales tax revenue for the original 2007 budgeted was estimated conservatively at \$18,552,000. Due to reassessment of storm damaged property, ad valorem tax revenue for the 2006 and 2007 budget years was estimated to result in 20% less revenue than 2005. Property tax millage for 2007 was set at 30.21 mills or the same as 2006. Collections from various utility fees and charges were projected be 25% less than 2005 collections. All other revenue projections were budgeted with a conservative bias.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 1330 Bayou Lane, Slidell, Louisiana or by phone at (985-646-4316).



## **BASIC FINANCIAL STATEMENTS**

**CITY OF SLIDELL, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2006**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,317,391	\$ 5,000	\$ 6,322,391
Investments	2,751,869	-	2,751,869
Receivables, net of allowances for uncollectibles:			
Taxes	2,858,908	-	2,858,908
Interest	3,571	-	3,571
Water, sewerage and garbage	-	819,112	819,112
Unbilled receivables	-	335,015	335,015
Other	1,672,165	1,222	1,673,387
Internal balances	(4,144,597)	4,144,597	-
Inventory	106,586	107,866	214,452
Prepaid Items	1,064,164	3,745	1,067,909
Due from other governments	10,580,053	364,910	10,944,963
Deferred charge - issuance cost	366,654	124,484	491,138
Restricted assets:			
Cash and cash equivalents	1,834,451	205,331	2,039,782
Investments	1,359,280	822,869	2,182,149
Capital assets not being depreciated	12,697,937	2,646,617	15,344,554
Capital assets being depreciated, net of accumulated depreciation	46,742,465	44,954,041	91,696,506
<b>TOTAL ASSETS</b>	<u>84,210,897</u>	<u>54,534,809</u>	<u>138,745,706</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	6,165,409	845,072	7,010,481
Due to local entities	95,466	-	95,466
Noncurrent liabilities:			
Due within one year	4,463,433	551,000	5,014,433
Due in more than one year	22,931,466	7,467,980	30,399,446
<b>TOTAL LIABILITIES</b>	<u>33,655,774</u>	<u>8,864,052</u>	<u>42,519,826</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	37,365,203	39,917,678	77,282,881
Restricted for:			
Debt service	3,336,936	1,028,200	4,365,136
Other purposes	1,209,569	-	1,209,569
Unrestricted	8,643,415	4,724,879	13,368,294
<b>TOTAL NET ASSETS</b>	<u>\$ 50,555,123</u>	<u>\$ 45,670,757</u>	<u>\$ 96,225,880</u>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2006**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities
<b>Governmental Activities</b>						
General government	\$ 7,018,624	\$ 1,736,424	\$ 300,096	\$ -	\$ (4,982,104)	\$ -
Public works	20,579,939	606,112	8,862,393	4,219,647	(6,891,787)	-
Public safety	12,213,647	372,520	6,324,254	107,398	(5,409,475)	-
Parks and recreation	1,525,241	29,832	2,000	5,000	(1,488,409)	-
Judicial system	288,135	7,414	-	3,077	(277,644)	-
Interest on long-term debt	897,645	-	-	-	(897,645)	-
Total Governmental Activities	42,523,231	2,752,302	15,488,743	4,335,122	(19,947,064)	-
<b>Business-type Activities</b>						
Utilities	8,356,282	6,501,273	-	1,141,311	-	(713,698)
Airport	456,779	38,036	-	1,834,709	-	1,415,966
Total Business-type Activities	8,813,061	6,539,309	-	2,976,020	-	702,268
<b>Total</b>	<b>\$ 51,336,292</b>	<b>\$ 9,291,611</b>	<b>\$ 15,488,743</b>	<b>\$ 7,311,142</b>	<b>\$ (19,947,064)</b>	<b>\$ 702,268</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
Ad valorem					\$ 3,004,230	\$ 1,327,884
Sales and use					23,569,352	-
Franchise					1,612,976	-
Beer					113,345	-
Investment earnings					623,732	142,607
Miscellaneous					42,289	-
Transfers					(2,178,341)	2,178,341
Total general revenues and transfers					26,787,583	3,648,832
Change in net assets before impairment					6,840,519	4,351,100
Impairment loss					(2,729,766)	(995,731)
Change in net assets					4,110,753	3,355,369
Net assets - beginning of year					46,444,370	42,315,388
Net assets - end of year					\$ 50,555,123	\$ 45,670,757
						\$ 96,225,880

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2006**

	General Fund	Sales Tax Fund	Katrina Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Assets:					
Cash and cash equivalents	\$ 6,317,191	\$ 200	\$ -	\$ -	\$ 6,317,391
Investments	254,484	1,495,292	-	1,002,093	2,751,869
Receivables, net of allowances for uncollectible:					
Taxes	630,857	2,228,051	-	-	2,858,908
Accrued interest	3,571	-	-	-	3,571
Other	201,275	1,179	616,250	-	818,704
Due from other funds	9,215,575	6,048,593	-	1,254,765	16,518,933
Due from other governments	45,178	955,453	2,541,998	621,350	4,163,979
Inventory	106,586	-	-	-	106,586
Prepaid items	1,064,164	-	-	-	1,064,164
Restricted assets:					
Cash	213,870	976,433	-	644,148	1,834,451
Investments	275,000	1,084,280	-	-	1,359,280
<b>TOTAL ASSETS</b>	<b>\$ 18,327,751</b>	<b>\$ 12,789,481</b>	<b>\$ 3,158,248</b>	<b>\$ 3,522,356</b>	<b>\$ 37,797,836</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts, salaries, and other payables	\$ 1,907,573	\$ 344,786	\$ 1,935,106	\$ 1,887,327	\$ 6,074,792
Due to other funds	11,543,421	-	9,141,395	74,180	20,758,996
<b>Total Liabilities</b>	<b>13,450,994</b>	<b>344,786</b>	<b>11,076,501</b>	<b>1,961,507</b>	<b>26,833,788</b>
Fund balances:					
Reserved for:					
Prepaid items	1,064,164	-	-	-	1,064,164
Inventory	106,586	-	-	-	106,586
Insurance	275,000	-	-	-	275,000
Debt service	-	-	-	1,276,223	1,276,223
Grants	-	76,551	-	5,937	82,488
Bond reserve fund	-	1,084,280	-	-	1,084,280
Bond sinking fund	-	976,433	-	-	976,433
Unreserved, designated for:					
Capital outlay	-	5,261,278	-	-	5,261,278
Operating reserves	-	250,000	-	-	250,000
Contingencies	508,000	1,638,000	-	-	2,146,000
Compensated absences	400,000	250,000	-	-	650,000
Claims	586,000	-	-	-	586,000
Special revenue funds	-	-	-	105,535	105,535
Capital projects funds	-	-	-	173,154	173,154
Unreserved, undesignated, reported in:					
General Fund	1,937,007	-	-	-	1,937,007
Special revenue funds	-	2,908,153	(7,918,253)	-	(5,010,100)
<b>Total fund balances</b>	<b>4,876,757</b>	<b>12,444,695</b>	<b>(7,918,253)</b>	<b>1,560,849</b>	<b>10,964,048</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,327,751</b>	<b>\$ 12,789,481</b>	<b>\$ 3,158,248</b>	<b>\$ 3,522,356</b>	<b>\$ 37,797,836</b>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**For the Year Ended June 30, 2006**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds	\$ 10,964,048
Receivables due from FEMA and the insurance settlement related to hurricane Katrina are reported in the statement of net assets at the time they are earned, without regard to timeliness of remittance by FEMA or the insurance carrier.	7,269,535
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	59,440,402
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Accrued interest payable	(90,617)
Claims	(1,542,000)
Compensated absences	(1,870,000)
Bonds, notes, and loans payable (net of premiums, discounts and deferred charges)	<u>(23,616,245)</u>
Net Assets of Governmental Activities	<u><u>\$ 50,555,123</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2006**

	General Fund	Sales Tax Fund	Katrina Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes and assessments:					
Sales and use taxes	\$ -	\$ 23,569,352	\$ -	\$ -	\$ 23,569,352
Ad Valorem	1,554,456	326,952	-	1,122,822	3,004,230
Franchise	1,612,976	-	-	-	1,612,976
Licenses and permits	2,236,326	-	-	-	2,236,326
Intergovernmental revenues:					
HUD grants	-	-	-	283,657	283,657
State revenue sharing	113,345	-	-	-	113,345
Other federal and state grants	-	791,950	7,623,121	604,787	9,019,858
Other state and local governmental revenues	1,107,143	-	-	-	1,107,143
State supplemental pay	308,262	-	-	-	308,262
Fines and forfeitures	203,239	-	-	-	203,239
Contributions	-	-	-	210,010	210,010
Other revenues, primarily interest and tuition	603,195	179,111	-	74,563	856,869
Total revenues	<u>7,738,942</u>	<u>24,867,365</u>	<u>7,623,121</u>	<u>2,295,839</u>	<u>42,525,267</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,635,430	2,398,846	348,502	451,516	6,834,294
Public works	858,732	4,499,335	6,196,668	6,738	11,561,473
Public safety	6,383,544	673,583	4,216,751	114,081	11,387,959
Recreation and culture	-	1,178,328	-	50,536	1,228,864
Judicial system	288,039	-	-	-	288,039
Debt Service:					
Principal retirement	-	118,603	-	2,884,100	3,002,703
Interest and fiscal charges	-	51,894	-	787,560	839,454
Capital outlay	-	2,731,737	5,666,631	1,188,451	9,586,819
Total expenditures	<u>11,165,745</u>	<u>11,652,326</u>	<u>16,428,552</u>	<u>5,482,982</u>	<u>44,729,605</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,426,803)</u>	<u>13,215,039</u>	<u>(8,805,431)</u>	<u>(3,187,143)</u>	<u>(2,204,338)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	5,050,788	-	-	2,621,776	7,672,564
Transfers out	(31,225)	(7,819,680)	-	(2,000,000)	(9,850,905)
Proceeds from Insurance	-	-	887,178	-	887,178
Loan Proceeds	-	-	-	2,000,000	2,000,000
Total other financing sources (uses)	<u>5,019,563</u>	<u>(7,819,680)</u>	<u>887,178</u>	<u>2,621,776</u>	<u>708,837</u>
Net Change in Fund Balances	<u>1,592,760</u>	<u>5,395,359</u>	<u>(7,918,253)</u>	<u>(565,367)</u>	<u>(1,495,501)</u>
Fund balances - beginning of year	<u>3,283,997</u>	<u>7,049,336</u>	<u>-</u>	<u>2,126,216</u>	<u>12,459,549</u>
Fund balances - end of year	<u>\$ 4,876,757</u>	<u>\$ 12,444,695</u>	<u>\$ (7,918,253)</u>	<u>\$ 1,560,849</u>	<u>\$ 10,964,048</u>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2006**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds	\$ (1,495,501)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(689,956)
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.	2,600,750
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	910,470
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Impairment loss	(2,729,766)
Other expenses	(14,140)
Revenue is reported in the statement of activities at the time it is earned, without regard to timeliness of collection.	<u>5,528,896</u>
Change in Net Assets of Governmental Activities	<u>\$ 4,110,753</u>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2006**

	<u>Utilities</u>	<u>Airport</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,000	\$ -	\$ 5,000
Accounts receivable, net of allowances for doubtful accounts of \$694,479 in 2006	819,112	-	819,112
Unbilled receivables	335,015	-	335,015
Other receivables	67	1,155	1,222
Due from other funds	4,124,353	20,244	4,144,597
Inventory	107,866	-	107,866
Prepaid Items	-	3,745	3,745
Due from other governments	3,450	361,460	364,910
Total current assets	<u>5,394,863</u>	<u>386,604</u>	<u>5,781,467</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	205,331	-	205,331
Investments	822,869	-	822,869
Capital assets, net of accumulated depreciation	42,070,092	5,530,566	47,600,658
Other assets	124,484	-	124,484
Total noncurrent assets	<u>43,222,776</u>	<u>5,530,566</u>	<u>48,753,342</u>
<b>TOTAL ASSETS</b>	<u>48,617,639</u>	<u>5,917,170</u>	<u>54,534,809</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	614,734	55,078	669,812
Retainage payable	16,446	76,765	93,211
Interest payable	82,049	-	82,049
Revenue bonds payable	480,000	-	480,000
Compensated absences	71,000	-	71,000
Total current liabilities	<u>1,264,229</u>	<u>131,843</u>	<u>1,396,072</u>
Non-current liabilities:			
Bonds payable	7,202,980	-	7,202,980
Compensated absences	259,000	6,000	265,000
Total noncurrent liabilities	<u>7,461,980</u>	<u>6,000</u>	<u>7,467,980</u>
<b>TOTAL LIABILITIES</b>	<u>8,726,209</u>	<u>137,843</u>	<u>8,864,052</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	34,387,112	5,530,566	39,917,678
Restricted	1,028,200	-	1,028,200
Unrestricted	4,476,118	248,761	4,724,879
<b>TOTAL NET ASSETS</b>	<u>\$ 39,891,430</u>	<u>\$ 5,779,327</u>	<u>\$ 45,670,757</u>

The accompanying notes are an integral part of this statement.



**CITY OF SLIDELL, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2006**

	Utilities	Airport	Total
<b>Operating Revenues</b>			
Charges for services:			
Water	\$ 2,595,761	\$ -	\$ 2,595,761
Sewer	2,921,482	-	2,921,482
Solid waste disposal	669,100	-	669,100
Connection charges	284,401	-	284,401
Tie down and rental revenues	-	38,036	38,036
Penalties	30,529	-	30,529
Total operating revenues	<u>6,501,273</u>	<u>38,036</u>	<u>6,539,309</u>
<b>Operating Expenses</b>			
Salaries, wages and related benefits	2,813,226	142,474	2,955,700
Solid waste disposal	1,647,717	-	1,647,717
Repairs and maintenance	545,899	37,665	583,564
Materials and supplies	227,833	414	228,247
Utilities	435,674	8,128	443,802
Gas and oil	84,081	3,879	87,960
Insurance	88,406	6,785	95,191
Office expense	9,572	2,487	12,059
Certification and training	12,566	614	13,180
Other	454,359	6,165	460,524
Depreciation	1,689,882	248,168	1,938,050
Total operating expenses	<u>8,009,216</u>	<u>456,779</u>	<u>8,465,995</u>
Operating income (loss)	<u>(1,507,943)</u>	<u>(418,743)</u>	<u>(1,926,686)</u>
<b>Non-operating Revenues (Expenses)</b>			
Ad valorem taxes assessed for sewerage maintenance	663,942	-	663,942
Ad valorem taxes assessed for garbage service	663,942	-	663,942
Other income, primarily interest	44,119	98,488	142,607
Interest and fiscal charges	(337,002)	-	(337,002)
Other revenues (expenses)	(10,065)	-	(10,065)
Total non-operating revenues (expenses)	<u>1,024,936</u>	<u>98,488</u>	<u>1,123,424</u>
Income (loss) before contributions and transfers	<u>(483,006)</u>	<u>(320,255)</u>	<u>(803,261)</u>
Capital Contributions	1,141,311	1,834,709	2,976,020
Transfers In	2,031,225	147,116	2,178,341
Change in net assets	2,689,530	1,661,570	4,351,100
Impairment loss	(995,731)	-	(995,731)
Net assets - beginning of year	<u>38,197,631</u>	<u>4,117,757</u>	<u>42,315,388</u>
Net assets - end of year	<u>\$ 39,891,430</u>	<u>\$ 5,779,327</u>	<u>\$ 45,670,757</u>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2006**

	Utilities	Airport	Total
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 6,200,643	\$ 38,281	\$ 6,238,924
Payments for goods and services	(2,660,507)	(43,196)	(2,703,703)
Payments for employee services	(2,823,276)	(142,474)	(2,965,750)
Payments for direct and indirect costs	(644,657)	(21,692)	(666,349)
Net cash provided by (used in) operating activities	72,203	(169,081)	(96,878)
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds	2,031,225	147,116	2,178,341
Advances from other funds	-	24,772	24,772
Advances to other funds	(1,850,594)	-	(1,850,594)
Property tax assessed for sewer maintenance	663,942	-	663,942
Property tax assessed for garbage service	663,942	-	663,942
Hurricane leases	-	98,488	98,488
Net cash provided by noncapital financing activities	1,508,515	270,376	1,778,891
<b>Cash flows from capital and related financing activities</b>			
Capital contributions	-	1,599,380	1,599,380
Acquisition and construction of capital assets	(1,514,271)	(1,700,675)	(3,214,946)
Principal paid on capital debt	(460,000)	-	(460,000)
Proceeds from capital debt	575,957	-	575,957
Interest paid on capital debt	(253,793)	-	(253,793)
Net cash (used in) capital and related financing activities	(1,652,107)	(101,295)	(1,753,402)
<b>Cash flows from investing activities</b>			
Purchase of investments	(3,220,416)	-	(3,220,416)
Proceeds from maturities and sale of investments	3,247,858	-	3,247,858
Proceeds from interest income	44,120	-	44,120
Net cash provided by investing activities	71,562	-	71,562

(continued)

**CITY OF SLIDELL, LOUISIANA**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2006**

	Utilities	Airport	Total
Net increase (decrease) in cash	\$ 173	\$ -	\$ 173
Cash and cash equivalents, beginning of year	210,158	-	210,158
Cash and cash equivalents, end of year	<u>\$ 210,331</u>	<u>\$ -</u>	<u>\$ 210,331</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating loss	\$ (1,507,943)	\$ (418,743)	\$ (1,926,686)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	1,689,882	248,168	1,938,050
Bad debt expense	346,349	-	346,349
Change in asset and liabilities:			
(Increase) decrease in accounts receivable/other assets	(308,371)	1,494	(306,877)
(Increase) decrease in inventory	2,508	-	2,508
Increase (decrease) in accounts payable	<u>(150,222)</u>	<u>-</u>	<u>(150,222)</u>
Net cash provided by (used in) operating activities	<u>\$ 72,203</u>	<u>\$ (169,081)</u>	<u>\$ (96,878)</u>
<b>Noncash investing, capital, and financing activities:</b>			
Change in the fair market value of investments	\$ 1,765	\$ -	\$ 1,765
Amortization	(10,065)	-	(10,065)
Contributions of capital assets from developer	1,086,291	-	1,086,291
Asset impairments	<u>(995,731)</u>	<u>-</u>	<u>(995,731)</u>
<b>Reconciliation of cash and cash equivalents to statement of net assets:</b>			
Cash and cash equivalents, unrestricted	\$ 5,000	-	\$ 5,000
Cash and cash equivalents, restricted	<u>205,331</u>	<u>-</u>	<u>205,331</u>
Cash and cash equivalents, end of year	<u>\$ 210,331</u>	<u>-</u>	<u>\$ 210,331</u>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2006**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,050
Restricted cash	54,368
Due from General Fund	<u>95,466</u>
Total assets	<u><u>\$ 150,884</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 15,600
Due to local entities	<u>135,284</u>
Total liabilities	<u><u>\$ 150,884</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of City of Slidell, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP); these financial statements present the City as the primary government. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**1. REPORTING ENTITY**

The City is a municipal corporation governed by an elected nine-member Council. As required by generally accepted accounting principles, these financial statements present the City as the primary government. The City has no component units; therefore, the City also represents the reporting entity.

**2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual enterprise funds are reported as separate columns in the fund financial statements.

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements (except agency funds which do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Sales Tax Fund* accounts for the bond proceeds and subsequent debt service and expenditures funded by the City's two percent sales and use tax, which are primarily dedicated for public improvements.

The *Katrina Fund* accounts for FEMA reimbursements, insurance proceeds and the related costs associated with the storm.

The City reports the following major proprietary funds:

The *Utility Fund* accounts for the operations of the water and sewerage systems and the solid waste disposal system.

The *Airport Fund* accounts for operations of the Slidell Municipal Airport.

Additionally, the City reports the following fund type:

Agency funds which are used to account for the activities of the Christmas Under the Stars Fund and the Animal Assistance League of Slidell.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

These funds account for assets held by the City in a fiduciary capacity for individuals, organizations and others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund and Airport Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**4. BUDGETARY ACCOUNTING**

***Budget Policies*** - The Mayor and City Council approve, prior to the beginning of each year, an annual operating budget prepared on the modified accrual basis for general governmental activities, except state supplemental pay (\$308,262 in 2006) to police officers is not treated as budgeted revenues and expenditures of the General Fund. Payments under capital leases are treated as expenditures in the year of payment for budgetary purposes. In the General Fund, payment in lieu of taxes received from the Utility Fund is classified as revenue for budgetary purposes and classified as a transfer in on the financial statements. At the end of the fiscal year, unexpended and unencumbered appropriations of these funds automatically lapse with the exception of capital outlay appropriations, which lapse after three fiscal years.

Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds, the only fund types having legally adopted

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. BUDGETARY ACCOUNTING (CONTINUED)**

annual budgets. Expenditures are budgeted at the departmental level, which is the level at which expenditures may not legally exceed appropriations. For all other funds effective budgetary control is alternatively achieved through bond indenture provisions, certificate of indebtedness provisions, and trust agreements. Certain revenues, capital outlay, and claims, judgments and disasters expenditures arise from special grants, contracts, and specific events which specify the use of the funds and, accordingly, no budgetary control is required.

During the year, the Mayor may authorize transfers between line items within a department without Council approval. Upon request by the Mayor, the Council may amend departmental or fund level appropriations during the year. The budget data reflected in the Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis, (see pages 49 to 52 and 57 to 60) includes the effect of such appropriation amendments approved by the City Council during the current year. These amendments may reappropriate designated and/or reserved funds rolling forward from the previous year for various capital projects as well as amend the distributions of operating funds already appropriated.

**5. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and because the commitments will be honored during the subsequent year. There were no encumbrances outstanding at June 30, 2006.

**6. CASH AND CASH EQUIVALENTS**

For the purpose of the statement of net assets, cash includes all demand, savings accounts, and certificates of deposit of the City. For the purpose of the proprietary funds statement of cash flows, all highly liquid investments (including certificates of deposit) with maturity of three months or less when purchased are considered to be cash equivalents.

The City is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the United States, or laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State Law R.S. 39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by United States.



**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7. INVESTMENTS**

State Law R.S. 33:2955 allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions, and certain mutual or trust fund institutions.

Investments are stated at fair value in accordance with Government Accounting Standards Board Statement (GASB) No. 31 *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*.

**8. INTERFUND TRANSACTIONS**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

The permanent reallocation of resources between funds of the City are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**9. PAYMENT IN LIEU OF TAXES**

Costs associated with general governmental operations of the City are initially recorded in the General Fund. A portion of these costs is applicable to the administration and operation of the Sales Tax and Utility Funds.

For the Sales Tax Fund, in lieu of an administrative cost allocation, the City budgets a transfer of a portion of the sales tax revenues to the General Fund.

For the Utility Fund, the payment in lieu of taxes is made to the General Fund based on rates the General Fund would have charged a third party for the services provided. The rates are determined based on the current franchise and property millage tax rates.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**10. INVENTORIES AND PREPAIDS**

Inventories are valued at cost using the average cost method. Inventories in the governmental funds consist of materials and supplies held for consumption and are accounted for using the consumption method whereby individual items are recorded as expenditures when they are consumed. Inventories in the governmental funds are equally offset by a reservation of fund balance, which indicates that although inventories are a component of net current assets, they do not constitute "available spendable resources." Inventories in the proprietary funds consist of chemicals, repair materials, and spare parts. These inventories are also accounted for using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**11. RESTRICTED ASSETS**

Restricted assets on the balance sheet of the Sales Tax Fund represent amounts which are required to be maintained pursuant to the ordinances relating to the 1996 Public Improvement Bonds and Series 2003 Public Improvement Refunding Bonds (bond sinking fund and reserve fund, see Note E). A corresponding amount of fund balance is reserved as these monies are legally segregated for a specific future use.

Restricted investments on the balance sheet of the General Fund represent a certificate of deposit of \$275,000 required to be maintained and held by the Workers Compensation Fund (a State of Louisiana agency) as collateral against the City's self-insured portion of workers' compensation claims. A corresponding amount of fund balance is reserved as these monies are legally segregated for a specific future use. Restricted cash on the balance sheet of the General Fund totals \$213,870 which represents cash received through grants and cash received through various law enforcement seizures that are restricted for future law enforcement activity.

Restricted assets on the balance sheet of the Utility Fund represent funds which are required to be maintained pursuant to ordinances relating to the Series 1996, 1996A and 2004 Utilities Revenue Bonds.

**12. CAPITAL ASSETS**

Capital assets, which include land and land improvements, buildings, equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. CAPITAL ASSETS (CONTINUED)**

constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major additions are capitalized as projects are constructed.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation on all capital assets, excluding land and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Asset Life</u>
Land Improvements	7 to 20
Buildings and Building Improvements	20 to 50
Street system	10 to 20
Drainage system	20
Office Equipment	4 to 10
Machinery and Equipment	10
Vehicles	4
Bridges	25
Water system	20 to 50
Sewerage system	10 to 50

**13. COMPENSATED ABSENCES**

Vacation and sick leave benefits are based on the number of years of service and may be carried forward to subsequent years. However, upon retirement or termination, only 45 days earned vacation will be paid to policemen, and 30 days earned vacation will be paid to all other City employees. In addition, 45 days earned sick leave will be paid to policemen, and 30 days earned sick leave will be paid to all other City employees only upon retirement. Upon retirement unused and unpaid sick leave and vacation leave are converted to time served for retirement credit. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements.

In the fund financial statements, the governmental funds report a liability for compensated absences for the amount that has matured as a result of employee resignations and retirements.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. COMPENSATED ABSENCES (CONTINUED)**

Compensated absences are liquidated by the funds in which the employees salaries were reported.

**14. LONG-TERM DEBT**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**15. AD VALOREM TAXES**

Ad valorem taxes are levied based on a calendar year. The tax is due and becomes an enforceable lien on the property when the tax bills are mailed in early December. Although the bill states the property taxes are due on December 31, penalties are assessed for any payment not received by January 15. Taxes are billed and collected by the St. Tammany Sheriff's Office, which receives a fee per property tax bill for its services. Property tax revenues are recognized when levied to the extent that they are determined to be currently collectible. Any unpaid taxes are collected in connection with a tax sale held in June.

**16. EQUITY CLASSIFICATIONS**

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on the use either by  
(1) external groups such as creditors, grantors, contributors, or laws or regulations of

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**16. EQUITY CLASSIFICATIONS (CONTINUED)**

other governments; or (2) law through constitutional provisions or enabling legislation. Restricted for other purposes on the Statement of Net Assets consist of grant related cash and workers compensation investments.

- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**17. DEFICIT FUND BALANCE**

The Katrina special revenue fund has a \$7,918,253 deficit fund balance as of June 30, 2006. The City plans to recover this deficit from additional assistance from both the Federal Emergency Management Agency (FEMA) and insurance. Any unreimbursed costs will be funded with available fund balance in the sales tax fund and general fund.

**18. INDIVIDUAL FUND DISCLOSURE**

The following funds had expenditures in excess of appropriations for the year ended June 30, 2006:

	<u>Expenditures</u> <u>(Budgetary Basis)</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Community Development			
Block Grant Fund	\$283,657	\$234,000	(\$49,656)
Grants and Donations Fund	\$398,289	\$246,334	(\$151,955)

Expenditures exceeded appropriations in the preceding funds due to grants that were approved and costs incurred after the supplemental budget. In addition, in the grants and donations fund, donations are not budgeted.

**19. ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**19. ACCOUNTING ESTIMATES (CONTINUED)**

disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

**NOTE B - CASH AND INVESTMENTS**

**Deposits**

The City had the following cash as of June 30, 2006:

	<u><b>Total</b></u>
Governmental funds:	
Unrestricted	
Petty cash	\$ 1,000
Demand deposits	6,316,391
Restricted	
Demand deposits	1,834,451
Proprietary funds:	
Unrestricted	
Demand deposits	5,000
Restricted	
Demand deposits	205,331
Fiduciary Funds	
Unrestricted	
Petty cash	1,050
Restricted	
Demand deposits	<u>54,368</u>
	<u><b>\$8,417,591</b></u>

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's deposit policy for custodial credit risk conforms to state law, as described in Note A. At June 30, 2006, the City's demand deposit bank balances of \$10,713,396 were entirely secured by federal deposit insurance and pledged securities held by the City's agent in the City's name.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE B - CASH AND INVESTMENTS (CONTINUED)**

Investments

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City is not exposed to custodial credit risk at June 30, 2006 since investments are held in the name of the City. The City's investment policy conforms to state law, as described in Note A.

Concentration of credit risk relates to the amount of investments in any one entity. At June 30, 2006, the City had no investments in any one entity which exceeded 5% of total investments, except obligations of federally sponsored entities, which are implicitly guaranteed by the federal government.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy conforms to state law, which includes a policy that limits investment maturities to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity. This reduces exposure to fair value losses arising from increasing interest rates.

As of June 30, 2006, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater Than 10</u>
U.S. Treasuries	\$4,633,268	\$4,633,268	\$ -	\$ -	\$ -
Certificates of Deposit	<u>300,750</u>	<u>-</u>	<u>300,750</u>	<u>-</u>	<u>-</u>
	<u>\$4,934,018</u>	<u>\$4,633,268</u>	<u>\$ 300,750</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2006, the City's investments are in obligations of or guaranteed by the U.S. government. These types of investments are allowed by state law and are in accordance with the City's investment policy, which ensures that the City is not exposed to credit risk.

**NOTE C - RETIREMENT PLANS**

The City provides pension benefits for all of its full-time employees through two separate cost-sharing, multiple-employer public employee retirement systems. All full-time City employees, except police, are members in the Municipal Employees' Retirement System of the State of Louisiana (the Municipal System). All full-time police are members of the Municipal and State Police Retirement System of Louisiana (the Police System).

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE C - RETIREMENT PLANS (CONTINUED)**

The City's total payroll cost, excluding benefits, was approximately \$13,292,000 for fiscal 2006. Also, police officers receive on-behalf payments of State supplemental pay, which totaled \$308,262 for fiscal 2006. These on-behalf payments are recognized as revenues and expenditures in the General Fund. Contributions to these retirement systems were based on participating full-time employee earnings, which were approximately as follows for fiscal 2006:

Municipal System	\$6,177,000
Police System	<u>3,370,000</u>
Total	<u>\$9,547,000</u>

Municipal employees participating in the Municipal System are entitled to a retirement benefit at or after age 60 with 10 years of creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by state legislation. The Municipal System issues a publicly available financial report that includes the financial statements and required supplementary information for the Municipal System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd. Baton Rouge, Louisiana 70809.

Police participating in the Police System for at least one year are eligible for normal retirement at or after age 50 with 20 years of creditable service, age 55 with 12 years creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three and one-third percent of the members' average final compensation multiplied by his years of creditable service (not to exceed 100% of average final compensation). The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by State legislation. The Police System issues a publicly available financial report that includes the financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal and State Police Retirement System of Louisiana, 8401 United Plaza Building, Room 235, Baton Rouge, Louisiana 70809.

State legislation has established the obligations of the City and its employees for contributions at 16.00% and 9.25% of employee earnings, respectively, for the Municipal System, as well as 20.25% and 7.50% of employee earnings, respectively, for the Police System. The contributions made by the City are greater than its obligations established by the State legislature in order to reduce employee contributions accordingly. The City contributed 25.25% of participating employee earnings to the Municipal System for 2006. The City's contributions to the Police System were 27.75% of the participating policemen's wages for 2006. The City's contributions to the Municipal System for the years ending June 30, 2006, 2005 and 2004 were approximately \$1,560,000, \$1,501,000, and \$1,195,000, respectively, equal to the required contribution for each year. The City's contributions to the Police System for the years ending



**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE D - DEDICATED REVENUES**

June 30, 2006, 2005 and 2004 were approximately \$935,000, \$974,000, and \$667,000, respectively, equal to the required contribution for each year.

The City collects a two percent sales and use tax pursuant to two separate one percent tax propositions approved by the voters in November 1962 (fiscal 1963) and September 1986 (fiscal 1987). These revenues are dedicated for specific purposes and are accounted for in a separate Special Revenue Fund.

An inter-governmental agreement (known as the Sales Tax Enhancement Plan) was executed between the City and Sales Tax District #3 of St. Tammany Parish. The agreement targets all undeveloped commercial properties (within St. Tammany Parish) annexed into the City after November 4, 1986 and stipulates that the two percent sales and use tax derived from the subsequent development of such properties be split equally (after the City recovered approximately \$1,386,000 of costs relating to the extension of services to two retail developments) between the City and Sales Tax District M3 of St. Tammany Parish. This agreement has a twenty-year life, expiring December 1, 2006. The City has entered into negotiations with St. Tammany Parish to renew this agreement.

Dedication of the 1963 tax, as amended, requires one half of all proceeds of the tax to be used first for debt service requirements and the costs for bonds issued for the purpose of constructing, acquiring, or improving lands, buildings or other works of public improvement for the City, including equipment and furnishings thereof, title to which shall be in the public. The remaining dedicated revenue is to be used for constructing, acquiring or improving the aforementioned capital improvements. The proposition also provides for one half of the 1963 sales and use tax revenues to be undedicated. These undedicated revenues are available for general operations.

All of the proceeds of the 1987 tax, after paying the reasonable and necessary expenses of collecting and administering the tax, are dedicated to be used for purchasing, constructing, acquiring, extending, improving, maintaining, and/or operating public facilities, public works or capital improvements and paying the capital costs of police protection and public safety for the City or any sites, equipment and furnishings thereof. According to the voter-approved proposition, the City is further authorized to fund the proceeds of the tax into bonds for the above stated capital purposes.

Proceeds of both the 1963 and 1987 sales and use taxes serve as security for outstanding sales tax revenue bonds (see Note E).

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE E - LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2006:

	Balance 6/30/05	Additions	Reductions	Balance 6/30/06	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 8,920,000	\$ -	\$ (1,030,000)	\$ 7,890,000	\$ 1,070,000
Less: Deferred amounts					
on refunding	(118,187)	-	10,744	(107,443)	(10,744)
For issuance premiums	19,462	-	(1,769)	17,693	1,769
For issuance discounts	(3,401)	-	851	(2,550)	(851)
Sales Tax Revenue Bonds	11,155,000	-	(1,605,000)	9,550,000	1,665,000
Less: Deferred amounts					
For issuance premiums	157,415	-	(13,118)	144,297	13,118
On refunding	(647,323)	-	53,943	(593,380)	(53,943)
Compensated Absences (Note A)	1,960,400	346,334	(436,734)	1,870,000	437,000
Capital Lease Obligation	1,261,085	-	(118,603)	1,142,482	123,484
LCDA Loan	4,190,900	-	(249,100)	3,941,800	252,600
CDL Loan	-	2,000,000	-	2,000,000	-
Claims and Judgments	<u>1,445,000</u>	<u>3,329,981</u>	<u>(3,232,981)</u>	<u>1,542,000</u>	<u>966,000</u>
<i>Total Governmental Activities</i>	<u>28,340,351</u>	<u>5,676,315</u>	<u>(6,621,767)</u>	<u>27,394,899</u>	<u>4,463,433</u>
<b>Business-Type Activities</b>					
Utility Revenue Bonds	7,567,023	575,957	(460,000)	7,682,980	480,000
Compensated Absences (Note A)	<u>350,000</u>	<u>64,219</u>	<u>(78,219)</u>	<u>336,000</u>	<u>71,000</u>
<i>Total Business-Type Activities</i>	<u>7,917,023</u>	<u>640,176</u>	<u>(538,219)</u>	<u>8,018,980</u>	<u>551,000</u>
<b>Total Governmental and Business-Type Activities</b>	<u>\$36,257,374</u>	<u>\$ 6,316,491</u>	<u>\$ (7,159,986)</u>	<u>\$35,413,879</u>	<u>\$5,014,433</u>

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE E - LONG-TERM DEBT (CONTINUED)**

Details on the City's long-term debt as of June 30, 2006 are as follows:

General Obligation Bonds secured by ad valorem taxes:

Refunding Bonds, Series 2005, bearing interest from 3.0% to 3.85%, payable annually through 2016	\$ 6,210,000
Refunding Bonds, Series 2004, bearing interest from 1.15% to 2.50%, payable annually through 2009	<u>1,680,000</u>
	<u>\$ 7,890,000</u>

Sales Tax Bonds secured by sales and use taxes:

Public Improvement Refunding Bonds, Series 2003, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1986 bearing interest from 2.0% to 5.0%, payable annually through 2017	\$ 9,090,000
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Public Improvement Bonds, Series ST-1996, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1987 bearing interest from 5.0% to 7.0%, payable annually through 2017	<u>460,000</u> <u>\$ 9,550,000</u>
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Louisiana Community Development Authority loan ("LCDA"), Series 1991, secured by a pledge of all lawfully available funds, bearing interest at a variable rate (4.97% at 6/30/06), payable annually through 2016	<u>\$ 3,941,800</u>
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Community Disaster Loan ("CDL"), Series 2005, secured by a pledge of the City's revenues each fiscal year the note is outstanding, bearing interest at a variable rate (2.8% at 6/30/06), payable November 30, 2010	<u>\$ 2,000,000</u>
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Utility Revenue Bonds, secured by revenues of the Utility Fund:

Utility Revenue Bonds, Series 1996, bearing interest from 4.6% to 5.55% payable annually through 2016	\$1,595,000
Utility Revenue Bonds, Series 1996A, bearing interest at 3.95%, Payable annually through 2017	2,605,000

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE E - LONG-TERM DEBT (CONTINUED)**

Utility Revenue Bonds, Series 2004, secured by revenues  
of the Utility Fund, bearing interest at 3.95%, payable annually  
through 2024

3,482,980

\$ 7,682,980

The annual requirements to maturity for general obligation bonds as of June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 1,070,000	\$ 252,116
2008	1,100,000	226,497
2009	1,140,000	198,257
2010	570,000	165,556
2011	600,000	145,606
2012-2016	3,410,000	391,993
	<u>\$ 7,890,000</u>	<u>\$ 1,380,025</u>

The annual requirements to maturity for sales tax bonds as of June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 1,665,000	\$ 302,140
2008	1,235,000	251,193
2009	1,245,000	204,630
2010	805,000	161,430
2011	835,000	136,830
2012-2016	3,140,000	361,955
2017-2019	625,000	11,562
	<u>\$ 9,550,000</u>	<u>\$ 1,429,740</u>

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2006

**NOTE E - LONG-TERM DEBT (CONTINUED)**

The annual requirements to maturity for the Louisiana Community Development Authority ("LCDA") loan as of June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 252,600	\$ 190,191
2008	263,600	177,415
2009	280,600	163,929
2010	293,600	149,710
2011	305,100	134,793
2012-2016	1,805,000	421,790
2017-2018	741,300	34,400
	<u>\$ 3,941,800</u>	<u>\$ 1,272,228</u>

Based on the loan and pledge agreement with the Federal Emergency Management Agency (FEMA), the Community Disaster Loan (CDL) accrues simple interest based on the five year Treasury note plus one per cent from the date of each disbursement. The term of the loan is 5 years and may be extended or cancelled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. Payments of principal and interest may be deferred until the end of the five year period.

The annual requirements to maturity for utility revenue bonds as of June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest
2007	\$ 480,000	\$ 306,248
2008	495,000	308,038
2009	520,000	286,405
2010	535,000	263,625
2011	560,000	240,174
2012-2016	3,165,000	811,490
2017-2021	1,445,000	247,661
2022-2023	482,980	48,030
	<u>\$ 7,682,980</u>	<u>\$ 2,511,671</u>

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE E - LONG-TERM DEBT (CONTINUED)**

At June 30, 2006, the following amounts are considered available for the retirement of general long-term debt:

Sales Tax Fund	\$ 2,060,713
Debt Service Fund	<u>1,276,223</u>
	<u>\$ 3,336,936</u>

In accordance with the Revised Statutes of the State of Louisiana, aggregate debt payable solely from ad valorem taxes for each specific purpose shall not exceed 35% of total assessed valuation of taxable property. As of June 30, 2006, the City was in compliance with these statutes.

Pursuant to the Revenue Bond Resolution and the 1996 and 2003 series Public Improvement Bond ordinances, and Utility Revenue Bonds, Series 1996, 1996A and 2004, certain assets of the Special Revenue and Enterprise Funds are restricted (see Note A). As of June 30, 2006, the City is in substantial compliance with the restrictive covenants of its debt agreements with the exception of arbitrage calculations.

In prior years, the City defeased certain general obligation and sales tax revenue bonds by placing the proceeds of the new refunding bonds in an irrevocable trust escrow account to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets. At June 30, 2006, \$15,615,000 general obligation and sales tax revenue bonds outstanding are considered defeased.

On March 25, 2004, the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) Loan No. 22-1136-02. The purpose of the loan is to pay a portion of the cost of constructing improvements to the wastewater treatment plant of the City. Under the terms of the agreement, the DEQ, through its Municipal Facilities Revolving Loan Fund, will loan the City an amount not to exceed \$4,100,000. Upon completion of the project (currently expected to be completed in fiscal year 2007), the actual amount borrowed will be determined and the City will issue Utility Revenue Notes to evidence the debt as authorized by ordinance No. 3173. The bonds will be payable over a 20 year period and will bear an interest rate of 3.95 percent. As of June 30, 2006, \$3,787,980 has been drawn down and \$305,000 has been repaid on the loan. A liability of \$3,482,980 has been recorded in the financial statements of the Utility Fund. Under the terms of the agreement, the City is subject to compliance with certain provisions and covenants. As of June 30, 2006, the City is in compliance with all significant provisions and covenants.

On November 23, 2005, the City entered into a loan and pledge agreement with the United States of America, acting through the Federal Emergency Management Agency (FEMA) under the provisions of the Community Disaster Loan Act of 2005. The purpose of the loan is to allow the

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2006

**NOTE E - LONG-TERM DEBT (CONTINUED)**

City to carry on existing governmental functions of a municipal operating character or to expand such functions to meet disaster related needs. Under the terms of the agreement, the City may borrow up to \$5,023,000. The loan is disbursed in increments as requested by the city. Simple interest based on the five year Treasury note plus one per cent from the date of each disbursement. The term on the loan is five years and may be extended or cancelled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. Payments of principal and interest may be deferred until the end of the five year period. As of June 30, 2006, \$2,000,000 has been drawn down and \$0 has been repaid on the loan. A liability of \$2,000,000 has been recorded in the statement of net assets for governmental activities.

The City is obligated under one lease accounted for as a capital lease in governmental activity long-term debt and governmental activity capital assets. This lease is for police communications equipment and has a remaining lease period of 8 years. The assets acquired through this capital lease are as follows:

	<u>Governmental Activities</u>
Office equipment	\$ 1,331,065
Less accumulated depreciation	<u>(249,575)</u>
Total	<u>\$ 1,081,490</u>

The following is a schedule of future minimum lease payments under capital leases in governmental activity long-term debt, together with the present value of the net minimum lease payments as of June 30, 2006:

<u>Year End June 30,</u>	<u>Governmental Activities</u>
2007	\$ 170,497
2008	170,497
2009	170,497
2010	170,497
2011	170,497
2012-2014	<u>511,491</u>
	1,363,976
Less amount representing interest	<u>(221,494)</u>
	<u>\$ 1,142,482</u>

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Due to/from other funds

Due to/from other funds at June 30, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 74,180
General Fund	Katrina Fund	9,141,395
Sales Tax Fund	General Fund	6,048,593
Other Governmental Funds	General Fund	1,254,765
Utilities Fund	General Fund	4,124,353
Airport Fund	General Fund	20,244
Agency Funds	General Fund	95,466
Total		<u>\$ 20,758,996</u>

The above due to/from other funds were short-term receivables or payables resulting from the normal course of the City's operations.

A summary of the interfund transfers at June 30, 2006 are as follows:

	<u>Transfers In:</u>				
	<u>General Fund</u>	<u>Other Governmental</u>	<u>Utility Fund</u>	<u>Airport Funds</u>	<u>Total</u>
Transfers Out:					
General Fund	\$ -	\$ -	\$ 31,225	\$ -	\$ 31,225
Sales Tax Fund	5,050,788	2,621,776	-	147,116	7,819,680
Other Governmental	-	-	2,000,000	-	2,000,000
Totals	<u>\$ 5,050,788</u>	<u>\$ 2,621,776</u>	<u>\$ 2,031,225</u>	<u>\$ 147,116</u>	<u>\$ 9,850,905</u>

Transfers are primarily used to move funds from:

- The Sales Tax Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
- The General Fund to the Utility Fund to satisfy bond covenants to provide \$25 for maintenance of each fire hydrant.
- Other governmental funds to Utility Fund to pay for current operations with funding provided by FEMA.

**NOTE G - ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The water, sewerage and garbage receivable balance of \$819,112 in the Utility Fund is net of an allowance for doubtful accounts of \$694,479.



**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE H - CAPITAL ASSETS**

A summary of changes in governmental fund type fixed assets for the year ended June 30, 2006 is as follows:

	<u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Completed Construction</u>	<u>Hurricane Katrina Impairment</u>	<u>June 30, 2006</u>
<b>Governmental Activities</b>						
Capital assets not being depreciated:						
Land	\$ 10,169,042	\$ 97,000	\$ -	\$ -	\$ -	\$ 10,266,042
Construction-in-progress	<u>465,137</u>	<u>2,202,246</u>	<u>-</u>	<u>(235,488)</u>	<u>-</u>	<u>2,431,895</u>
Total capital assets not being depreciated	<u>10,634,179</u>	<u>2,299,246</u>	<u>-</u>	<u>(235,488)</u>	<u>-</u>	<u>12,697,937</u>
Capital assets being depreciated:						
Buildings and building improvements	23,171,076	147,291	-	18,815	(751,280)	22,585,902
Land improvements	6,427,979	82,901	-	-	-	6,510,880
Street system	44,046,432	1,439,283	-	-	-	45,485,715
Drainage system	29,521,378	1,311,571	-	213,973	-	31,046,922
Office equipment	3,409,379	539,431	-	2,700	(727,281)	3,224,029
Machinery and equipment	3,894,536	176,800	-	-	(133,492)	3,937,844
Vehicles	4,529,397	454,986	-	-	(51,613)	4,932,770
Bridges	<u>533,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>533,330</u>
Total capital assets being depreciated	<u>115,533,507</u>	<u>4,152,263</u>	<u>-</u>	<u>235,488</u>	<u>(1,663,666)</u>	<u>118,257,592</u>
Less accumulated depreciation for:						
Buildings and building improvements	7,842,531	35,760	-	-	2,481,829	10,360,120
Land improvements	2,562,497	528,026	-	-	-	3,090,523
Street system	31,642,687	1,889,705	-	-	-	33,532,392
Drainage system	14,604,580	920,032	-	-	1,069,158	16,593,770
Office equipment	1,607,400	366,854	-	-	(646,788)	1,327,466
Machinery and equipment	1,978,041	306,729	-	-	(55,478)	2,229,292
Vehicles	3,653,679	478,492	-	-	(41,982)	4,090,189
Bridges	<u>276,258</u>	<u>15,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,375</u>
Total accumulated depreciation	<u>64,167,673</u>	<u>4,540,715</u>	<u>-</u>	<u>-</u>	<u>2,806,739</u>	<u>71,515,127</u>
Total capital assets being depreciated, net	<u>51,365,834</u>	<u>(388,452)</u>	<u>-</u>	<u>235,488</u>	<u>(4,470,405)</u>	<u>46,742,465</u>
<b>Governmental Activities</b>						
Capital assets, net	<u>\$ 62,000,013</u>	<u>\$ 1,910,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,470,405)</u>	<u>\$ 59,440,402</u>

Construction-in-progress primarily consists of buildings and building improvements which are financed by, sales tax revenues and grants.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2006

**NOTE H - CAPITAL ASSETS (CONTINUED)**

A summary of changes in proprietary fund type fixed assets as of June 30, 2006 follows:

	<u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Completed Construction</u>	<u>Impairments</u>	<u>June 30, 2006</u>
<b>Business-Type Activities</b>						
Capital assets not being depreciated:						
Land	\$ 75,658	\$ -	\$ -	\$ -	\$ -	\$ 75,658
Construction-in-progress	<u>5,376,314</u>	<u>2,196,852</u>	<u>-</u>	<u>(5,002,207)</u>	<u>-</u>	<u>2,570,959</u>
Total capital assets not being depreciated	<u>5,451,972</u>	<u>2,196,852</u>	<u>-</u>	<u>(5,002,207)</u>	<u>-</u>	<u>2,646,617</u>
Capital assets being depreciated:						
Buildings and building improvements	590,195	-	-	-	-	590,195
Land improvements	6,025,302	-	-	-	-	6,025,302
Water system	21,565,951	572,546	-	-	-	22,138,497
Sewerage system	35,580,489	1,169,046	-	5,002,207	(1,514,730)	40,237,012
Office Equipment	482,793	13,249	-	-	(78,309)	417,733
Vehicles	1,029,203	16,369	-	-	-	1,045,572
Machinery and equipment	<u>1,884,588</u>	<u>283,509</u>	<u>-</u>	<u>-</u>	<u>(18,637)</u>	<u>2,149,460</u>
Total capital assets being depreciated	<u>67,158,521</u>	<u>2,054,719</u>	<u>-</u>	<u>5,002,207</u>	<u>(1,611,676)</u>	<u>72,603,771</u>
Less accumulated depreciation for:						
Buildings and building improvements	145,593	18,729	-	-	-	164,322
Land improvements	2,385,683	245,929	-	-	-	2,631,612
Water system	10,932,376	512,135	-	-	-	11,444,511
Sewerage system	10,486,386	918,567	-	-	(536,081)	10,868,872
Office Equipment	212,294	60,187	-	-	(62,522)	209,959
Vehicles	889,559	60,678	-	-	-	950,237
Machinery and equipment	<u>1,275,734</u>	<u>121,825</u>	<u>-</u>	<u>-</u>	<u>(17,342)</u>	<u>1,380,217</u>
Total accumulated depreciation	<u>26,327,625</u>	<u>1,938,050</u>	<u>-</u>	<u>-</u>	<u>(615,945)</u>	<u>27,649,730</u>
Total capital assets being depreciated, net	<u>40,830,896</u>	<u>116,669</u>	<u>-</u>	<u>5,002,207</u>	<u>(995,731)</u>	<u>44,954,041</u>
Business-Type Activities capital assets, net	<u>\$ 46,282,868</u>	<u>\$ 2,313,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (995,731)</u>	<u>\$ 47,600,658</u>

Construction-in-progress consists primarily of airport improvements.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE H - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 98,727
Public works	3,499,810
Public safety	664,343
Parks and recreation	277,835
Judicial system	<u>-</u>
Total depreciation expense - governmental activities	<u>\$ 4,540,715</u>
Business-type activities:	
Utilities	\$ 1,689,882
Airport	<u>248,168</u>
Total depreciation expense - business-type activities	<u>\$ 1,938,050</u>

**NOTE I - COMMITMENTS**

The local electric company owns and leases to the City certain street lighting facilities. In 1986 the City renegotiated the lease agreement, which expired in December 2001 but automatically renews for one-year intervals until cancelled. The City has no intention of canceling this lease at this time. The total amount paid by the City in 2006 for street lighting under this agreement was approximately \$483,000.

The City has a contract with a sanitation disposal company to provide garbage collection and recycling services to City residents. This contract, which expires June 30, 2009, requires the City to pay a monthly fee of \$13.57 per household for service. The City in turn bills a monthly fee of approximately \$7.46 per household and collects a 4.63 mill property tax for garbage collection in accordance with the voter-approved proposition. The City paid approximately \$1,540,000 under this contract in 2006.

**NOTE J - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The City is a defendant in a number of claims and lawsuits resulting principally from personal injury, property damage, and construction claims. The City Attorney and the outside administrator have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City. As a result of such review, the various claims and lawsuits have been

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE J - CONTINGENT LIABILITIES (CONTINUED)**

categorized into "probable," "reasonably possible," and "remote" contingencies, as defined in National Council on Governmental Accounting Statement 4 for Claims and Judgments. The City's "reasonably possible" loss contingencies at June 30, 2006 approximate \$250,000 to \$335,000.

**NOTE K - RISK MANAGEMENT**

The City is exposed to various risks of loss related to thefts of, damage to, and destruction of assets, errors and omissions, negligent acts of law enforcement officials and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims did not exceed insurance coverage for fiscal years ended June 30, 2006, 2005 and 2004.

The City is also self-insured with excess coverage in these areas: (a) workers' compensation with a \$275,000 retention and statutory limit on coverage, (b) general liability with a \$50,000 retention per occurrence and a \$1,000,000 limit per occurrence and \$2,000,000 aggregate limit on coverage, (c) auto liability with a \$50,000 retention per accident and a \$1,000,000 per occurrence. The City also has an aggregate limit of \$3,000,000 for workers' compensation claims and an annual stop loss of \$375,000 for general liability and auto liability combined. The City is self-insured for employee medical insurance with a \$50,000 retention per individual and an aggregate stop loss of \$2,854,000.

The City uses the General Fund to account for self-insured risk financing activities. The liability for claims in excess of amounts payable with expendable available resources is recorded in the governmental activities in the Statement of Net Assets. The Sales Tax Fund, Regional Training Facility Fund and the Enterprise Funds make contributions to the General Fund for claims. Estimated losses from claims are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The expenditure and liability includes an amount for claims that have been incurred but not yet reported. The liability for claims is based on the estimated ultimate cost of settling the claims using past experience adjusted for current trends.

Changes in the claims liability amounts are as follows:

	<u>Automobile/ General Liability</u>	<u>Workers Compensation</u>	<u>Employee Health/ Dental</u>	<u>Total</u>
Balance, June 30, 2004	\$ 320,000	\$ 313,000	\$ 675,000	\$1,308,000
Claims and changes in estimates	338,354	135,486	4,198,991	4,672,831
Claim payments	<u>(123,354)</u>	<u>(235,486)</u>	<u>(4,176,991)</u>	<u>(4,535,831)</u>
Balance, June 30, 2005	535,000	213,000	697,000	1,445,000

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2006**

**NOTE K - RISK MANAGEMENT (CONTINUED)**

	Automobile/ General <u>Liability</u>	Workers Compensation	Employee Health/ Dental	<u>Total</u>
Claims and changes in estimates	147,650	208,169	2,974,162	3,329,981
Claim payments	<u>(92,650)</u>	<u>(129,169)</u>	<u>(3,011,162)</u>	<u>(3,232,981)</u>
Balance, June 30, 2006	<u>\$ 590,000</u>	<u>\$ 292,000</u>	<u>\$ 660,000</u>	<u>\$1,542,000</u>

**NOTE L - OTHER POST EMPLOYMENT BENEFITS**

In addition to the retirement benefits described in Note C, City policy allows the City to make available health care benefits to all employees who retire from the City and are receiving benefits from a City sponsored retirement program. Currently, 78 retirees of the City meet these requirements and are participating. The City paid \$751,000 into the City's self-funded medical plan on behalf of retirees in fiscal year 2006.

**NOTE M - SUBSEQUENT EVENT**

On October 24, 2006, an ordinance was passed renewing the inter-governmental agreement (known as the Sales Tax Enhancement Plan) between the City and Sales Tax District #3 of St. Tammany Parish. The agreement has a twenty-five year life, expiring December 1, 2031.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**GENERAL FUND**  
**For the Year Ended June 30, 2006**

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes:</b>				
Ad valorem	\$ 1,792,200	\$ 1,264,000	\$ 1,554,456	\$ 290,456
Franchise	1,487,000	1,317,000	1,612,976	295,976
Licenses and permits	1,750,000	1,641,000	2,236,326	595,326
<b>Intergovernmental revenues:</b>				
State revenue sharing	70,000	55,000	113,345	58,345
Other Federal/State grants	13,000	13,000	-	(13,000)
Other state and local governmental revenues	100,800	1,102,000	1,107,143	5,143
Payment in lieu of taxes	589,000	-	-	-
Fines and forfeitures	190,000	190,000	203,239	13,239
Other revenues, primarily interest	200,000	215,000	603,195	388,195
<b>Total Revenues</b>	<u>6,192,000</u>	<u>5,797,000</u>	<u>7,430,680</u>	<u>1,633,680</u>
<b>Expenditures</b>				
<b>General government:</b>				
Administrative	494,740	494,740	494,489	251
Finance	596,688	596,688	589,263	7,425
Legal	293,490	293,490	293,454	36
Data processing	269,333	269,333	265,039	4,294
Purchasing	286,539	286,539	286,509	30
Civil service	235,071	235,071	230,882	4,189
Legislative	585,347	585,347	531,644	53,703
Risk management	799,477	960,477	944,150	16,327
	<u>3,560,685</u>	<u>3,721,685</u>	<u>3,635,430</u>	<u>86,255</u>
<b>Public works</b>				
Permits	537,760	613,760	601,506	12,254
Planning	258,378	258,378	257,226	1,152
	<u>796,138</u>	<u>872,138</u>	<u>858,732</u>	<u>13,406</u>
<b>Public safety</b>				
Police	6,036,174	6,086,174	6,075,282	10,892
<b>Judicial system</b>	<u>291,724</u>	<u>291,724</u>	<u>288,039</u>	<u>3,685</u>
<b>Total Expenditures</b>	<u>\$ 10,684,721</u>	<u>\$ 10,971,721</u>	<u>\$ 10,857,483</u>	<u>\$ 114,238</u>

(continued)

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE ACTUAL AND BUDGET (BUDGETARY BASIS)**  
**GENERAL FUND (CONTINUED)**  
**For the Year Ended June 30, 2006**

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,492,721)</u>	<u>\$ (5,174,721)</u>	<u>\$ (3,426,803)</u>	<u>\$ 1,747,918</u>
Other Financing Sources (Uses)				
Transfers in	4,508,946	5,050,788	5,050,788	-
Transfers out	(31,225)	(31,225)	(31,225)	-
Proceeds from the sale of capital assets	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,492,721</u>	<u>5,019,563</u>	<u>5,019,563</u>	<u>-</u>
Net Change in Fund Balance	-	(155,158)	1,592,760	1,747,918
Fund Balances, Beginning of Year	<u>3,283,997</u>	<u>3,283,997</u>	<u>3,283,997</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,283,997</u>	<u>\$ 3,128,839</u>	<u>\$ 4,876,757</u>	<u>\$ 1,747,918</u>



**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**SALES TAX FUND**  
**For the Year Ended June 30, 2006**

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Sales	\$ 17,560,000	\$ 20,857,000	\$ 23,569,352	\$ 2,712,352
Ad valorem	376,900	264,000	326,952	62,952
Grants and donations	-	-	791,950	791,950
Other revenue	175,000	85,000	179,111	94,111
<b>Total Revenues</b>	<b>18,111,900</b>	<b>21,206,000</b>	<b>24,867,365</b>	<b>3,661,365</b>
<b>Expenditures</b>				
General government:				
Administrative	2,094,203	2,094,203	2,034,818	59,385
Animal control	335,043	373,043	364,028	9,015
	<u>2,429,246</u>	<u>2,467,246</u>	<u>2,398,846</u>	<u>68,400</u>
Public works				
Streets, bridges and drainage	2,853,136	2,653,136	2,646,464	6,672
Engineering	535,733	535,733	533,936	1,797
Electrical	237,258	237,258	226,953	10,305
General maintenance	339,501	412,501	360,377	52,124
Vehicle maintenance	642,347	742,347	731,604	10,743
	<u>4,607,975</u>	<u>4,580,975</u>	<u>4,499,335</u>	<u>81,640</u>
Public safety	731,116	731,116	673,583	57,533
Recreation and culture				
Recreation	1,062,241	1,062,241	929,221	133,020
Cultural Affairs	264,051	264,051	249,107	14,944
	<u>1,326,292</u>	<u>1,326,292</u>	<u>1,178,328</u>	<u>147,964</u>
Debt service	170,497	170,497	170,497	-
Capital outlay	1,587,044	6,980,666	2,731,737	4,248,929
<b>Total Expenditures</b>	<b>\$ 10,852,170</b>	<b>\$ 16,256,792</b>	<b>\$ 11,652,326</b>	<b>\$ 4,604,466</b>

(continued)

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE ACTUAL AND BUDGET (BUDGETARY BASIS)**  
**SALES TAX FUND (CONTINUED)**  
**For the Year Ended June 30, 2006**

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Excess of Revenues Over Expenditures</b>	<u>\$ 7,259,730</u>	<u>\$ 4,949,208</u>	<u>\$ 13,215,039</u>	<u>\$ 8,265,831</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(7,259,730)</u>	<u>(7,801,572)</u>	<u>(7,819,680)</u>	<u>(18,108)</u>
Total Other Financing Sources (Uses)	<u>(7,259,730)</u>	<u>(7,801,572)</u>	<u>(7,819,680)</u>	<u>(18,108)</u>
<b>Net Change in Fund Balance</b>	-	(2,852,364)	5,395,359	8,247,723
<b>Fund Balances, Beginning of Year</b>	<u>7,049,336</u>	<u>7,049,336</u>	<u>7,049,336</u>	-
<b>Fund Balances, End of Year</b>	<u>\$ 7,049,336</u>	<u>\$ 4,196,972</u>	<u>\$ 12,444,695</u>	<u>\$ 8,247,723</u>

## **OTHER SUPPLEMENTARY INFORMATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

Regional Training Facility - accounts for the normal recurring activities of the police training facility.

Grants and Donations Fund - accounts for federal and other grant programs.

Community Development Block Grant - accounts for the proceeds of entitlement grants received from the Department of Housing and Urban Development.

Community Disaster Loan Fund - allows the city to carry on existing governmental functions of a municipal operating character or to expand such functions to meet disaster related needs.

### **CAPITAL PROJECTS FUNDS**

Capital Projects funds account for the purchase, construction and renovation of the City's major capital facilities. Their resources are derived principally from proceeds of general obligation or sales tax bonds, certificates of indebtedness and U.S. Government and other agencies grants.

City Capital Construction Fund - was established to account for monies received from an outside agency and proceeds from the sales of City property.

**CITY OF SLIDELL, LOUISIANA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2006**

	Special Revenue					Debt Service		Capital Projects		Total Nonmajor Governmental Funds
	Regional Training Facility	Community Development Block Grant	Grants and Donations	Community Disaster Loan	Total	Debt Service		City Capital Construction		
<b>ASSETS</b>										
Current assets										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -
Investments	-	-	-	-	-	1,002,093		-		1,002,093
Receivables - taxes	-	-	-	-	-	-		-		-
Accrued interest receivable	-	-	-	-	-	-		-		-
Due from other governments	-	-	-	-	-	-		-		-
U.S. Government	-	183,636	54,861	-	238,497	-		327,180		565,677
State of Louisiana	-	-	1,773	-	1,773	-		53,900		55,673
Due from other funds	110,619	-	533,873	-	644,492	265,582		324,691		1,254,765
Restricted assets:										
Cash	-	-	635,000	-	635,000	9,148		-		644,148
<b>Total Assets</b>	<b>\$ 110,619</b>	<b>\$ 183,636</b>	<b>\$ 1,245,507</b>	<b>\$ -</b>	<b>\$ 1,539,762</b>	<b>\$ 1,276,823</b>		<b>\$ 705,771</b>		<b>\$ 3,522,356</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued expenditures	\$ 5,084	\$ 109,456	\$ 1,239,570	\$ -	\$ 1,354,110	\$ 600		\$ 532,617		\$ 1,887,327
Due to other Funds	-	74,180	-	-	74,180	-		-		74,180
<b>Total Liabilities</b>	<b>5,084</b>	<b>183,636</b>	<b>1,239,570</b>	<b>-</b>	<b>1,428,290</b>	<b>600</b>		<b>532,617</b>		<b>1,961,507</b>
Fund balances										
Reserved:										
Designated for										
Debt Service	-	-	-	-	-	1,276,223		-		1,276,223
Grants	-	-	5,937	-	5,937	-		-		5,937
Unreserved:										
Designated for										
Training academy	105,535	-	-	-	105,535	-		-		105,535
Capital Outlay	-	-	-	-	-	-		173,154		173,154
Unreserved, undesignated	-	-	-	-	-	-		-		-
<b>Total Fund Balances</b>	<b>105,535</b>	<b>-</b>	<b>5,937</b>	<b>-</b>	<b>111,472</b>	<b>1,276,223</b>		<b>173,154</b>		<b>1,560,849</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 110,619</b>	<b>\$ 183,636</b>	<b>\$ 1,245,507</b>	<b>\$ -</b>	<b>\$ 1,539,762</b>	<b>\$ 1,276,823</b>		<b>\$ 705,771</b>		<b>\$ 3,522,356</b>

**CITY OF SLIDELL, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2006**

	Special Revenue				Debit Service		Capital Projects		Total Nonmajor Governmental Funds
	Regional Training Facility	Community Development Block Grant	Grants and Donations	Community Disaster Loan	Total	Debt Service	City Capital Construction		
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,122,822	\$ -	\$ -	\$ 1,122,822
Intergovernmental revenues									
Federal/state grants	500	-	187,540	-	188,040	-	416,747	-	604,787
HUD grants	-	283,657	-	-	283,657	-	-	-	283,657
Other state and local revenues	-	-	-	-	-	-	-	-	-
Other revenues, primarily interest and tuition	44,850	-	-	-	44,850	29,713	-	-	74,563
Contributions	-	-	210,010	-	210,010	-	-	-	210,010
<b>Total Revenues</b>	<b>45,350</b>	<b>283,657</b>	<b>397,550</b>	<b>-</b>	<b>726,557</b>	<b>1,152,535</b>	<b>416,747</b>	<b>-</b>	<b>2,295,839</b>
<b>EXPENDITURES</b>									
General government	285,576	6,644	159,296	-	451,516	-	-	-	451,516
Public works	-	-	6,738	-	6,738	-	-	-	6,738
Public safety	-	-	114,081	-	114,081	-	-	-	114,081
Recreation and culture	-	-	50,536	-	50,536	-	-	-	50,536
Debt Service:									
Principal retirement	-	-	-	-	-	2,884,100	-	-	2,884,100
Interest and Fiscal charges	-	-	-	-	-	787,560	-	-	787,560
Capital outlay	-	277,013	67,638	-	344,651	-	843,800	-	1,188,451
<b>Total Expenditures</b>	<b>285,576</b>	<b>283,657</b>	<b>398,289</b>	<b>-</b>	<b>967,522</b>	<b>3,671,660</b>	<b>843,800</b>	<b>-</b>	<b>5,482,982</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(240,226)</b>	<b>-</b>	<b>(739)</b>	<b>-</b>	<b>(240,965)</b>	<b>(2,519,125)</b>	<b>(427,053)</b>	<b>-</b>	<b>(3,187,143)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	256,028	-	-	-	256,028	2,365,748	-	-	2,621,776
Transfers out	-	-	-	(2,000,000)	(2,000,000)	-	-	-	(2,000,000)
Loan proceeds	-	-	-	2,000,000	2,000,000	-	-	-	2,000,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 256,028</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 256,028</b>	<b>\$ 2,365,748</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,621,776</b>

(continued)

**CITY OF SLIDELL, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**For the Year Ended June 30, 2006**

	Special Revenue			Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Regional Training Facility	Community Development Block Grant	Grants and Donations		Community Disaster Loan	City Capital Construction	
Net Change in Fund Balances	\$ 15,802	\$ -	\$ (739)	\$ (153,377)	\$ (427,053)	\$ (565,367)	
Fund Balances, Beginning of Year	89,733	-	6,676	1,429,600	600,207	2,126,216	
Fund Balances, End of Year	\$ 105,535	\$ -	\$ 5,937	\$ 1,276,223	\$ 173,154	\$ 1,560,849	

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ACTUAL AND BUDGET (BUDGETARY BASIS)**  
**REGIONAL TRAINING FACILITY FUND**  
**For the Year Ended June 30, 2006**

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	500	500
Other state and local revenues	-	-	-	-
Other revenues, primarily interest and tuition	48,000	48,000	44,850	(3,150)
<b>Total Revenues</b>	<u>48,000</u>	<u>48,000</u>	<u>45,350</u>	<u>(2,650)</u>
<b>Expenditures</b>				
General Government	304,028	304,028	285,576	18,452
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>304,028</u>	<u>304,028</u>	<u>285,576</u>	<u>18,452</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(256,028)</u>	<u>(256,028)</u>	<u>(240,226)</u>	<u>15,802</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	256,028	256,028	256,028	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>256,028</u>	<u>256,028</u>	<u>256,028</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	15,802	15,802
<b>Fund Balance, Beginning of Year</b>	<u>89,733</u>	<u>89,733</u>	<u>89,733</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 89,733</u>	<u>\$ 89,733</u>	<u>\$ 105,535</u>	<u>\$ 15,802</u>



**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ACTUAL AND BUDGET (BUDGETARY BASIS)**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**For the Year Ended June 30, 2006**

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	234,000	234,000	283,657	49,657
Other state and local revenues	-	-	-	-
Other revenues, primarily interest and tuition	-	-	-	-
<b>Total Revenues</b>	<u>234,000</u>	<u>234,000</u>	<u>283,657</u>	<u>49,656</u>
<b>Expenditures</b>				
General government	11,000	11,000	6,643	4,357
Capital Outlay	223,000	223,000	277,013	(54,013)
<b>Total Expenditures</b>	<u>234,000</u>	<u>234,000</u>	<u>283,657</u>	<u>(49,656)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SLIDELL, LOUISIANA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ACTUAL AND BUDGET (BUDGETARY BASIS)**  
**GRANTS AND DONATIONS FUND**  
**For the Year Ended June 30, 2006**

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	216,322	187,540	(28,782)
Contributions	-	30,012	210,010	179,998
Other revenue, primarily interest and tuition	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>246,334</u>	<u>397,550</u>	<u>151,216</u>
<b>Expenditures</b>				
General government	-	50,836	159,296	(108,460)
Public Works	-	-	6,738	(6,738)
Public Safety	-	81,613	114,081	(32,468)
Recreation and culture	-	32,638	50,536	(17,898)
Capital Outlay	-	81,247	67,638	13,609
<b>Total Expenditures</b>	<u>-</u>	<u>246,334</u>	<u>398,289</u>	<u>(151,955)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>(739)</u>	<u>(739)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>(739)</u>	<u>(739)</u>
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>6,676</u>	<u>6,676</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ 6,676</u>	<u>\$ 5,937</u>	<u>\$ (739)</u>

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ACTUAL AND BUDGET (BUDGETARY BASIS)**  
**COMMUNITY DISASTER LOAN FUND**  
**For the Year Ended June 30, 2006**

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Contributions	-	-	-	-
Other revenue, primarily interest and tuition	-	-	-	-
<b>Total Revenues</b>	-	-	-	-
<b>Expenditures</b>				
General government	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Recreation and culture	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(2,975,200)	(2,000,000)	975,200
Loan Proceeds	-	2,975,200	2,000,000	(975,200)
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	-	-	-	-
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## FIDUCIARY FUNDS

### AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations and/or other funds.

Christmas Under the Stars Fund - This fund is used to promote Christmas programs.

Animal Assistance League of Slidell - This fund is used for the care and protection of stray animals.

**CITY OF SLIDELL, LOUISIANA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2006**

	Agency Funds		
	Christmas Under The Stars	Animal Assistance League of Slidell	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 1,050	\$ 1,050
Restricted cash	-	54,368	54,368
Due from General Fund	29,702	65,764	95,466
<b>Total assets</b>	<b>\$ 29,702</b>	<b>\$ 121,182</b>	<b>\$ 150,884</b>
<b>Liabilities</b>			
Accounts payable	\$ 12,692	\$ 2,908	\$ 15,600
Due to local entities	17,010	118,274	135,284
<b>Total liabilities</b>	<b>\$ 29,702</b>	<b>\$ 121,182</b>	<b>\$ 150,884</b>

**CITY OF SLIDELL, LOUISIANA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Year Ended June 30, 2006**

<b>CHRISTMAS UNDER THE STARS</b>				
	<u>BALANCE</u> <u>JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	-
Due from General Fund	<u>34,458</u>	<u>9,131</u>	<u>13,887</u>	<u>29,702</u>
Total assets	<u>\$ 34,458</u>	<u>\$ 9,131</u>	<u>\$ 13,887</u>	<u>\$ 29,702</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 28,266	\$ 15,574	\$ 12,692
Due to local entities	<u>34,458</u>	<u>7,114</u>	<u>24,562</u>	<u>17,010</u>
Total liabilities	<u>\$ 34,458</u>	<u>\$ 35,380</u>	<u>\$ 40,136</u>	<u>\$ 29,702</u>

<b>ANIMAL ASSISTANCE LEAGUE OF SLIDELL</b>				
	<u>BALANCE</u> <u>JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,050	\$ -	\$ -	\$ 1,050
Restricted cash	49,837	4,531	-	54,368
Due from General Fund	<u>76,523</u>	<u>35,481</u>	<u>46,240</u>	<u>65,764</u>
Total assets	<u>\$ 127,410</u>	<u>\$ 40,012</u>	<u>\$ 46,240</u>	<u>\$ 121,182</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,622	\$ 44,406	\$ 44,120	\$ 2,908
Due to local entities	<u>124,788</u>	<u>36,277</u>	<u>42,791</u>	<u>118,274</u>
Total liabilities	<u>\$ 127,410</u>	<u>\$ 80,683</u>	<u>\$ 86,911</u>	<u>\$ 121,182</u>

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**CITY OF SLIDELL, LOUISIANA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE**  
**June 30, 2006**

	<u>June 30, 2006</u>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS:</b>	
Land	\$ 10,266,042
Buildings and building improvements	22,585,902
Land improvements	6,510,880
Streets system	45,485,715
Drainage system	31,046,922
Office equipment	3,224,229
Machinery and equipment	3,937,844
Vehicles	4,932,770
Bridges	533,330
Construction in progress	<u>2,431,895</u>
 TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	 <u><u>\$ 130,955,529</u></u>
 <b>INVESTMENTS IN GOVERNMENTAL FUNDS</b>	
<b>CAPITAL ASSETS BY SOURCE:</b>	
General fund	\$ 49,402
Special revenue	77,871,464
Capital projects	33,693,899
Donations	<u>19,340,764</u>
 TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	 <u><u>\$ 130,955,529</u></u>



**CITY OF SLIDELL, LOUISIANA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**June 30, 2006**

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN LAND	MACHINERY AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
<b>General government</b>							
Police academy	\$ -	\$ 83,245	\$ -	\$ 53,760	\$ -	\$ -	\$ 137,005
Administrative	-	426,488	-	19,918	-	80,115	526,521
Finance	-	200,041	-	-	-	-	238,035
Attorney	-	-	-	25,000	-	-	25,000
Data Processing	-	-	-	185,314	-	-	185,314
Animal control	-	76,574	19,837	156,574	-	-	252,985
Purchasing	-	173,550	-	46,341	-	-	219,891
Risk management	-	-	-	11,853	-	-	11,853
Personnel	-	156,800	-	23,371	-	-	180,171
Council	-	426,488	-	14,507	-	-	440,995
Sales tax administration	1,054,000	554,178	-	217,882	-	743,751	2,509,811
Cultural arts	-	2,746,594	-	20,843	-	129,253	2,896,490
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,054,000</b>	<b>4,843,758</b>	<b>19,837</b>	<b>813,377</b>	<b>-</b>	<b>953,119</b>	<b>7,684,091</b>
<b>Public works</b>							
Permits	-	-	-	96,083	-	-	96,083
Planning	2,145,062	8,615,192	55,124	127,739	-	-	10,943,117
Vehicle maintenance	-	872,787	-	204,248	-	-	1,077,035
Streets and drainage	6,087,362	347,552	4,033,399	3,849,497	77,065,967	786,761	92,170,538
General maintenance	-	181,849	-	87,730	-	11,808	281,387
Engineering	-	14,964	129,760	67,449	-	-	212,173
Electrical	-	-	-	132,151	-	-	132,151
<b>TOTAL PUBLIC WORKS</b>	<b>8,232,424</b>	<b>10,032,344</b>	<b>4,218,283</b>	<b>4,564,897</b>	<b>77,065,967</b>	<b>798,569</b>	<b>104,912,484</b>
<b>Public safety</b>							
Police	-	2,320,692	131,406	5,481,184	-	224,942	8,158,224
<b>TOTAL PUBLIC SAFETY</b>	<b>-</b>	<b>2,320,692</b>	<b>131,406</b>	<b>5,481,184</b>	<b>-</b>	<b>224,942</b>	<b>8,158,224</b>
<b>Parks &amp; recreation</b>							
Recreation	979,618	3,937,819	2,141,354	1,235,385	-	455,265	8,749,441
<b>TOTAL PARKS &amp; RECREATION</b>	<b>979,618</b>	<b>3,937,819</b>	<b>2,141,354</b>	<b>1,235,385</b>	<b>-</b>	<b>455,265</b>	<b>8,749,441</b>
<b>Judicial</b>							
City court	-	1,451,289	-	-	-	-	1,451,289
<b>TOTAL JUDICIAL</b>	<b>-</b>	<b>1,451,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,451,289</b>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 10,266,042</b>	<b>\$ 22,585,902</b>	<b>\$ 6,510,880</b>	<b>\$ 12,094,843</b>	<b>\$ 77,065,967</b>	<b>\$ 2,431,895</b>	<b>\$ 130,955,529</b>

**CITY OF SLIDELL, LOUISIANA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**For the Year Ended June 30, 2006**

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2005	ADDITIONS	RECLASS & RETIREMENT DEDUCTIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2006
<b>General government</b>				
Police academy	\$ 122,575	\$ 14,430	\$ -	\$ 137,005
Administrative	589,103	67,734	(130,316)	526,521
Finance	360,526	18,861	(141,332)	238,055
Attorney	20,843	25,000	(20,843)	25,000
Data Processing	422,748	173,435	(410,869)	185,314
Animal control	271,357	24,157	(42,529)	252,985
Purchasing	215,111	15,266	(10,486)	219,891
Risk management	11,853	-	(5,662)	6,191
Personnel	170,787	15,046	-	185,833
Council	539,420	5,850	(104,275)	440,995
Sales tax administration	1,908,276	661,535	-	2,569,811
Cultural arts	2,868,122	137,104	(108,736)	2,896,490
<b>TOTAL GENERAL GOVERNMENT</b>	<b>7,500,721</b>	<b>1,158,418</b>	<b>(975,048)</b>	<b>7,684,091</b>
<b>Public works</b>				
Permits	101,115	12,382	(17,414)	96,083
Planning	10,931,404	30,809	(19,096)	10,943,117
Vehicle maintenance	1,023,505	54,784	(1,254)	1,077,035
Streets and drainage	88,518,692	3,753,497	(101,651)	92,170,538
General maintenance	276,633	46,898	(42,144)	281,387
Engineering	240,244	20,450	(48,521)	212,173
Electrical	107,610	25,289	(748)	132,151
<b>TOTAL PUBLIC WORKS</b>	<b>101,199,203</b>	<b>3,944,109</b>	<b>(230,828)</b>	<b>104,912,484</b>
<b>Public safety</b>				
Police	7,583,690	832,994	(258,460)	8,158,224
<b>TOTAL PUBLIC SAFETY</b>	<b>7,583,690</b>	<b>832,994</b>	<b>(258,460)</b>	<b>8,158,224</b>
<b>Parks &amp; recreation</b>				
Recreation	8,380,465	515,988	(147,012)	8,749,441
<b>TOTAL PARKS &amp; RECREATION</b>	<b>8,380,465</b>	<b>515,988</b>	<b>(147,012)</b>	<b>8,749,441</b>
<b>Judicial</b>				
City court	1,503,607	-	(52,318)	1,451,289
<b>TOTAL JUDICIAL</b>	<b>1,503,607</b>	<b>-</b>	<b>(52,318)</b>	<b>1,451,289</b>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 126,167,686</b>	<b>\$ 6,451,509</b>	<b>\$ (1,663,666)</b>	<b>\$ 130,955,529</b>

## **SUPPORTING SCHEDULES**

**CITY OF SLIDELL, LOUISIANA**  
**GENERAL FUND**  
**SCHEDULE OF FUNCTIONAL EXPENDITURES**  
**BY DEPARTMENT (BUDGETARY BASIS)**  
**For the Year Ended June 30, 2006**

**SCHEDULE 1**

	Salaries, Wages and <u>Related Benefits</u>	Contract <u>Services</u>	Supplies and <u>Materials</u>	<u>Equipment</u>
ADMINISTRATIVE	\$ 451,487	\$ 32,866	\$ 10,136	\$ -
FINANCE	521,005	25,219	39,601	3,438
LEGAL	177,511	12,998	2,945	-
DATA PROCESSING	218,817	1,678	44,544	-
PURCHASING	274,422	4,320	6,767	1,000
CIVIL SERVICE	181,721	27,924	20,737	500
LEGISLATIVE	413,529	82,206	24,677	11,232
RISK MANAGEMENT	847,405	25,123	10,122	500
PERMITS	577,647	4,556	19,303	-
PLANNING	248,987	908	5,802	123
POLICE	5,666,452	77,685	225,499	3,054
CITY MARSHALL	81,809	12,000	15	-
CITY COURT	87,884	11,100	1,768	265
CITY PROSECUTOR	<u>57,406</u>	<u>33,945</u>	<u>1,847</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 9,806,082</u>	<u>\$ 352,528</u>	<u>\$ 413,763</u>	<u>\$ 20,112</u>

<u>911</u>	<u>Community Service</u>	<u>Legal Fees and Claims</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 494,489
-	-	-	-	589,263
-	-	100,000	-	293,454
-	-	-	-	265,039
-	-	-	-	286,509
-	-	-	-	230,882
-	-	-	-	531,644
-	61,000	-	-	944,150
-	-	-	-	601,506
-	-	-	1,406	257,226
102,592	-	-	-	6,075,282
-	-	-	-	93,824
-	-	-	-	101,017
-	-	-	-	93,198
<u>\$ 102,592</u>	<u>\$ 61,000</u>	<u>\$ 100,000</u>	<u>\$ 1,406</u>	<u>\$ 10,857,483</u>

**CITY OF SLIDELL, LOUISIANA**  
**SALES TAX FUND**  
**SCHEDULE OF FUNCTIONAL EXPENDITURES BY DEPARTMENT**  
**(BUDGETARY BASIS)**  
**For the Year Ended June 30, 2005**

**SCHEDULE 2**

	Salaries, Wages and Related Benefits	Contract Services	Supplies and Materials
ADMINISTRATIVE	\$ 436,092	\$ 1,592,648	\$ 5,578
CULTURAL AFFAIRS	155,285	33,832	24,539
STREETS, BRIDGES AND DRAINAGE	2,011,241	52,895	364,447
ENGINEERING	514,520	4,879	14,287
ELECTRICAL	216,108	1,266	6,394
PUBLIC SAFETY	598,954	18,764	50,650
GENERAL MAINTENANCE	268,120	27,016	64,894
VEHICLE MAINTENANCE	369,550	16,393	345,199
RECREATION	690,558	82,601	142,634
ANIMAL CONTROL	<u>346,309</u>	<u>4,118</u>	<u>13,602</u>
 TOTAL EXPENDITURES	 <u>\$ 5,606,737</u>	 <u>\$ 1,834,412</u>	 <u>\$ 1,032,224</u>

(continued)

<u>Equipment</u>	<u>Museum/ Arts Evening</u>	<u>Total</u>
\$ 500	\$ -	\$ 2,034,818
6,449	29,002	249,107
217,881	-	2,646,464
250	-	533,936
3,185	-	226,953
5,215	-	673,583
347	-	360,377
462	-	731,604
13,428	-	929,221
<u>-</u>	<u>-</u>	<u>364,029</u>
<u>\$ 247,717</u>	<u>\$ 29,002</u>	<u>\$ 8,750,092</u>

**CITY OF SLIDELL, LOUISIANA**  
**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended June 30, 2006**

**SCHEDULE 3**

DESCRIPTION	STATE GRANT NUMBER	PROGRAM / GRANT AWARD	REVENUE AND RECEIPTS RECOGNIZED	DISBURSEMENTS/ OTHER EXPENDITURES
<b>DEPARTMENT OF CULTURE, RECREATION, AND TOURISM</b>				
Office of Cultural Development				
Subgrant through St. Tammany Arts Commission				
Brown Bag	DF06-01-52-029	\$ 2,850	\$ 2,100	\$ 2,100
<b>TOTAL DEPARTMENT OF CULTURE, RECREATION, AND TOURISM</b>			<u>2,100</u>	<u>2,100</u>
<b>DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT</b>				
Office of Public Works				
Maintenance Division				
Highway Maintenance Grant	737-08-12	14,644	14,644	14,644
Division of Aviation				
Runway Extension Phase 2	952-01-0017	97,470	90,442	90,442
Crack Seal Runway Project	952-01-0020	9,600	9,600	9,600
Maintenance Assistance Reimbursement for Airport	977-99-0118	4,570	4,570	4,570
Stationary Type Emergency Generator	977-99-0104	35,000	6,200	6,200
<b>TOTAL DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT</b>			<u>125,456</u>	<u>125,456</u>
<b>OFFICE OF THE GOVERNOR</b>				
Louisiana Commission on Law Enforcement and Administration of Criminal Justice				
LACLE Electronic Equipment	P06-7-032	1,248	1,248	1,248
Training Academy			500	500
Office of Rural Development				
Rural Development Grant	0304-STT-0701	5,000	5,000	5,000
<b>TOTAL OFFICE OF THE GOVERNOR</b>			<u>6,748</u>	<u>6,748</u>
<b>DIVISION OF ADMINISTRATION</b>				
Office of Facility Planning and Control				
Heritage Park Amphitheater, Planning and Const.	50-MR9-03-01	49,000	49,000	49,000
<b>TOTAL DIVISION OF ADMINISTRATION</b>			<u>49,000</u>	<u>49,000</u>
<b>MILITARY DEPARTMENT</b>				
Office of Emergency Preparedness				
Katrina		1,000,000	1,000,000	1,000,000
<b>TOTAL MILITARY DEPARTMENT</b>			<u>1,000,000</u>	<u>1,000,000</u>
<b>TOTAL STATE GRANTS</b>			<u>\$ 1,183,304</u>	<u>\$ 1,183,304</u>



**CITY OF SLIDELL, LOUISIANA**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

**TABLE 1**

		Fiscal Year
	2003	2004
<b>Governmental Activities</b>		
Invested in capital assets, net of related debt	\$ 33,672,576	\$ 34,998,713
Restricted	4,760,557	5,123,054
Unrestricted	3,434,873	4,847,502
<b>Total governmental activities net assets</b>	<b>\$ 41,868,006</b>	<b>\$ 44,969,269</b>
<b>Business-Type Activities</b>		
Invested in capital assets, net of related debt	\$ 34,846,681	\$ 36,642,412
Restricted	670,176	979,591
Unrestricted	3,419,754	2,516,896
<b>Total business-type activities net assets</b>	<b>\$ 38,936,611</b>	<b>\$ 40,138,899</b>
<b>Primary Government</b>		
Invested in capital assets, net of related debt	\$ 68,519,257	\$ 71,641,125
Restricted	5,430,733	6,102,645
Unrestricted	6,854,627	7,364,398
<b>Total primary government net assets</b>	<b>\$ 80,804,617</b>	<b>\$ 85,108,168</b>

**NOTE:** Data for 1997 to 2002 is not reflected in this schedule since GASB Statement No. 34 became effective for fiscal year 2003.

<u>2005</u>	<u>2006</u>
\$ 37,065,062	\$ 37,365,203
4,710,372	4,546,505
<u>4,668,936</u>	<u>8,643,415</u>
<u>\$ 46,444,370</u>	<u>\$ 50,555,123</u>
\$ 38,715,846	\$ 39,917,678
1,055,470	1,028,200
<u>2,544,072</u>	<u>4,724,879</u>
<u>\$ 42,315,388</u>	<u>\$ 45,670,757</u>
\$ 75,780,908	\$ 77,282,881
5,765,842	5,574,705
<u>7,213,008</u>	<u>13,368,294</u>
<u>\$ 88,759,758</u>	<u>\$ 96,225,880</u>

**CITY OF SLIDELL, LOUISIANA  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

**TABLE 2**

	Fiscal Year	
	2003	2004
<b>Expenses</b>		
Governmental activities:		
General government	\$ 6,093,609	\$ 6,322,104
Public works	9,984,099	10,410,764
Public safety	6,584,920	7,499,503
Parks and recreation	1,221,976	1,357,411
Judicial system	311,417	315,101
Interest on long-term debt	1,563,486	1,030,419
Total governmental activities expenses	<u>25,759,507</u>	<u>26,935,302</u>
Business-type activities:		
Utilities	7,713,793	8,189,430
Airport	275,751	282,828
Total business-type activities expenses	<u>7,989,544</u>	<u>8,472,258</u>
Total primary government expenses	<u>\$ 33,749,051</u>	<u>\$ 35,407,560</u>
<b>Program Revenues</b>		
Governmental activities:		
Charges for services:		
General government	\$ 2,093,983	\$ 2,337,018
Public works	379,595	290,598
Public safety	275,548	315,250
Parks and recreation	38,192	78,014
Judicial system	9,102	8,727
Operating grants and contribution		
General government	57,806	65,158
Public works	391,656	-
Public safety	8,288	381,526
Parks and recreation	-	-
Judicial system	15,659	15,119
Capital grants and contributions		
General government	-	-
Public works	1,989,311	3,824,763
Public safety	213,302	117,165
Parks and recreation	50,517	-
Judicial system	-	-
Total governmental activities program revenues	<u>\$ 5,522,959</u>	<u>\$ 7,433,338</u>
Business-type activities:		
Charges for services:		
Utilities	\$ 6,992,463	\$ 7,307,742
Airport	29,656	41,288
Capital grants and contributions		
Utilities	144,300	309,640
Airport	409,612	367,619
Total business-type activities program revenues	<u>7,576,031</u>	<u>8,026,289</u>
Total primary government program revenues	<u>\$ 13,098,990</u>	<u>\$ 15,459,627</u>

(continued)

<u>2005</u>	<u>2006</u>
\$ 6,779,783	\$ 7,018,624
11,488,260	20,579,939
7,901,314	12,213,647
1,408,873	1,525,241
307,130	288,135
1,013,468	897,645
<u>28,898,828</u>	<u>42,523,231</u>
8,113,782	8,356,282
416,260	456,779
<u>8,530,042</u>	<u>8,813,061</u>
<u>\$ 37,428,870</u>	<u>\$ 51,336,292</u>
\$ 2,078,466	\$ 1,736,424
315,598	606,112
350,433	372,520
69,030	29,832
12,020	7,414
42,257	300,096
114,440	8,862,393
341,841	6,324,254
-	2,000
-	-
838	-
2,709,516	4,219,647
71,728	107,398
38,859	5,000
-	3,077
<u>\$ 6,145,026</u>	<u>\$ 22,576,167</u>
\$ 7,561,710	\$ 6,501,273
55,891	38,036
674,187	1,141,311
1,176,833	1,834,709
<u>9,468,621</u>	<u>9,515,329</u>
<u>\$ 15,613,647</u>	<u>\$ 32,091,496</u>

**CITY OF SLIDELL, LOUISIANA**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS - CONTINUED**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

**TABLE 2**

	Fiscal Year	
	2003	2004
Net (expense)/revenue		
Governmental activities	(20,236,548)	(19,501,964)
Business-type activities	(413,513)	(445,969)
Total primary government net expense	<u>\$ (20,650,061)</u>	<u>\$ (19,947,933)</u>
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities:		
Taxes:		
Ad valorem	\$ 3,403,820	\$ 3,491,884
Sales and use	16,179,798	17,387,481
Franchise	1,402,415	1,500,117
Beer	98,955	76,643
Investment earnings	174,430	125,678
Miscellaneous	49,458	208,767
Transfers	(150,591)	(187,343)
Total governmental activities	<u>21,158,285</u>	<u>22,603,227</u>
Business-type activities:		
Taxes:		
Ad valorem	1,384,792	1,445,914
Investment earnings	22,464	15,000
Miscellaneous	141,564	-
Transfers	150,591	187,343
Total business-type activities	<u>1,699,411</u>	<u>1,648,257</u>
Total primary government	<u>\$ 22,857,696</u>	<u>\$ 24,251,484</u>
<b>Changes in Net Assets before impairment</b>		
Governmental activities	921,737	3,101,263
Business-type activities	1,285,898	1,202,288
Total primary government	<u>2,207,635</u>	<u>4,303,551</u>
<b>Impairment loss</b>		
Governmental activities	-	-
Business-type activities	-	-
Total primary government	<u>-</u>	<u>-</u>
<b>Changes in Net Assets</b>		
Governmental activities	921,737	3,101,263
Business-type activities	1,285,898	1,202,288
Total primary government	<u>\$ 2,207,635</u>	<u>\$ 4,303,551</u>

NOTE: Data for 1997 to 2002 is not reflected in this schedule since GASB Statement No. 34 became effective for fiscal year 2003.

<u>2005</u>	<u>2006</u>
(22,753,802)	(19,947,064)
938,579	702,268
<u>\$ (21,815,223)</u>	<u>\$ (19,244,796)</u>
\$ 3,718,279	\$ 3,004,230
18,093,876	23,569,352
1,593,815	1,612,976
68,401	113,345
283,569	623,732
120,879	42,289
350,084	(2,178,341)
<u>24,228,903</u>	<u>26,787,583</u>
1,541,928	1,327,884
46,066	142,607
-	-
<u>(350,084)</u>	<u>2,178,341</u>
<u>1,237,910</u>	<u>3,648,832</u>
<u>\$ 25,466,813</u>	<u>\$ 30,436,415</u>
1,475,101	6,840,519
2,176,489	4,351,100
<u>3,651,590</u>	<u>11,191,619</u>
-	(2,729,766)
-	(995,731)
<u>-</u>	<u>(3,725,497)</u>
1,475,101	4,110,753
2,176,489	3,355,369
<u>\$ 3,651,590</u>	<u>\$ 7,466,122</u>

**CITY OF SLIDELL, LOUISIANA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

**TABLE 3**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
1997	\$ 10,970,123	\$ 3,066,116	\$ 1,038,178	\$ 75,444	\$ 15,149,861
1998	11,497,071	3,047,706	1,056,668	68,164	15,669,609
1999	12,394,359	2,979,772	1,114,443	88,351	16,576,925
2000	14,042,332	3,138,045	1,160,909	79,769	18,421,055
2001	15,227,530	3,163,879	1,429,457	67,650	19,888,516
2002	15,773,809	3,197,520	1,280,329	66,218	20,317,876
2003	16,179,798	3,403,820	1,402,415	98,955	21,084,988
2004	17,387,481	3,491,884	1,500,117	76,643	22,456,125
2005	18,093,876	3,718,279	1,593,815	68,401	23,474,371
2006	23,569,352	3,004,230	1,612,976	113,345	28,299,903

**CITY OF SLIDELL, LOUISIANA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

**TABLE 4**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General fund				
Reserved	\$ 674,960	\$ 609,757	\$ 640,710	\$ 712,527
Unreserved	<u>890,184</u>	<u>1,276,599</u>	<u>1,256,735</u>	<u>1,448,772</u>
Total general fund	<u>\$ 1,565,144</u>	<u>\$ 1,886,356</u>	<u>\$ 1,897,445</u>	<u>\$ 2,161,299</u>
 All other governmental funds				
Reserved	\$ 998,755	\$ 4,138,901	\$ 4,124,102	\$ 4,068,567
Unreserved, reported in:				
Special revenue funds	6,705,583	3,024,333	4,066,897	5,211,408
Capital projects funds	<u>14,235,981</u>	<u>2,694,595</u>	<u>2,645,072</u>	<u>1,840,169</u>
Total all other governmental funds	<u>\$ 21,940,319</u>	<u>\$ 9,857,829</u>	<u>\$ 10,836,071</u>	<u>\$ 11,120,144</u>



Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 719,337	\$ 832,957	\$ 928,537	\$ 467,219	\$ 1,060,839	\$ 1,445,750
1,167,828	763,770	2,237,456	2,783,512	2,223,158	3,431,007
<u>\$ 1,887,165</u>	<u>\$ 1,596,727</u>	<u>\$ 3,165,993</u>	<u>\$ 3,250,731</u>	<u>\$ 3,283,997</u>	<u>\$ 4,876,757</u>
\$ 4,103,816	\$ 4,073,711	\$ 4,157,525	\$ 3,888,109	\$ 3,687,572	\$ 3,419,424
4,524,662	4,310,728	3,773,106	4,443,627	4,887,773	2,494,713
769,122	(309,424)	219	1,126,245	600,207	173,154
<u>\$ 9,397,600</u>	<u>\$ 8,075,015</u>	<u>\$ 7,930,850</u>	<u>\$ 9,457,981</u>	<u>\$ 9,175,552</u>	<u>\$ 6,087,291</u>

**CITY OF SLIDELL, LOUISIANA**  
**CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

**TABLE 5**

	1997	1998	1999	2000
<b>Revenues</b>				
Taxes and assessments	\$ 15,074,417	\$ 15,601,445	\$ 16,488,574	\$ 18,341,286
Licenses and permits	1,336,212	1,404,141	1,589,968	1,512,584
Intergovernmental revenue	3,530,130	3,060,952	2,245,732	1,482,266
Payment in lieu of taxes	417,442	423,538	434,953	460,235
Fines and forfeitures	200,315	199,364	198,638	240,993
Contributions	-	-	-	-
Other revenues, primarily interest and tuition	1,632,421	1,155,422	917,269	1,253,871
<b>Total revenues</b>	<b>22,190,937</b>	<b>21,844,862</b>	<b>21,875,134</b>	<b>23,291,235</b>
<b>Expenditures</b>				
Current:				
General government	3,501,174	3,813,311	4,277,532	4,435,706
Public works	4,378,277	3,418,719	2,955,073	3,221,894
Public safety	4,197,450	4,420,562	4,950,889	5,012,286
Recreation and culture	904,230	913,464	983,108	1,044,778
Judicial system	213,849	275,827	303,369	209,797
Debt service:				
Principal retirement	2,015,042	2,210,743	2,338,092	2,481,122
Interest and fiscal charges	2,321,337	2,215,211	2,051,575	1,896,645
Other charges	74,346	-	27,492	27,761
Capital outlay	10,048,253	16,176,988	3,765,631	4,231,024
<b>Total expenditures</b>	<b>27,653,958</b>	<b>33,444,825</b>	<b>21,652,761</b>	<b>22,561,013</b>
Excess (deficiency) of revenues over (under) expenditures	(5,463,021)	(11,599,963)	222,373	730,222
<b>Other financing sources (uses)</b>				
Transfers in	\$ 5,537,572	\$ 4,977,958	\$ 5,368,112	\$ 5,767,043
Transfers out	(5,645,015)	(5,093,823)	(5,459,107)	(5,879,422)
Proceeds from the sale of capital assets	-	-	619,219	-
Premium on bonds sold	-	-	-	-
Discount on bonds sold	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Issuance of debt	9,300,000	-	-	-
Proceeds from insurance	-	-	-	-
Loan proceeds	-	-	-	-
Capital leases	-	-	238,734	(69,916)
<b>Total other financing sources (uses)</b>	<b>9,192,557</b>	<b>(115,865)</b>	<b>766,958</b>	<b>(182,295)</b>
<b>Net change in fund balances</b>	<b>\$ 3,729,536</b>	<b>\$ (11,715,828)</b>	<b>\$ 989,331</b>	<b>\$ 547,927</b>
<b>Debt service as a percentage of     noncapital expenditures</b>	<b>25.05%</b>	<b>25.63%</b>	<b>24.69%</b>	<b>24.03%</b>

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 19,820,866	\$ 20,251,659	\$ 20,986,033	\$ 22,379,482	\$ 23,405,970	\$ 28,186,558
1,674,742	1,647,186	1,832,260	1,936,449	1,976,248	2,236,326
2,077,652	3,272,743	3,079,761	3,912,503	3,008,459	10,832,265
470,000	470,000	490,000	530,000	-	-
235,957	194,445	166,709	205,600	190,920	203,239
-	-	55,998	57,356	44,310	210,010
1,251,761	525,844	426,358	542,437	882,789	856,869
25,530,978	26,361,877	27,037,119	29,563,827	29,508,696	42,525,267
4,889,903	4,959,457	5,450,424	5,867,467	6,317,924	6,834,294
3,488,359	3,792,062	4,418,607	4,758,177	5,312,557	11,561,473
5,343,121	5,584,798	6,039,456	6,493,685	6,938,466	11,387,959
1,119,537	868,837	832,994	925,935	973,301	1,228,864
233,428	233,380	256,934	265,519	266,995	288,039
2,396,500	2,595,976	2,840,060	9,337,575	3,430,315	3,002,703
1,758,757	1,671,527	1,580,337	1,001,094	989,620	839,454
21,282	19,290	-	358,037	123,105	-
9,697,475	10,069,135	6,397,449	6,206,146	5,935,203	9,586,819
28,948,362	29,794,462	27,816,261	35,213,635	30,287,486	44,729,605
(3,417,384)	(3,432,585)	(779,142)	(5,649,808)	(778,790)	(2,204,338)
\$ 5,594,440	\$ 6,405,071	\$ 7,534,048	\$ 11,875,064	\$ 7,292,329	\$ 7,672,564
(5,747,270)	(7,009,975)	(7,684,639)	(12,062,407)	(6,942,245)	(9,850,905)
-	17,917	-	29,381	86,843	-
-	-	-	183,651	21,231	-
-	-	-	(5,103)	-	-
-	-	-	(10,400,209)	(6,208,931)	-
-	-	-	17,641,000	6,280,400	-
-	-	-	-	-	887,178
1,643,451	2,650,000	748,600	-	-	2,000,000
(69,916)	-	-	-	-	-
1,420,705	2,063,013	598,009	7,261,377	529,627	708,837
\$ (1,996,679)	\$ (1,369,572)	\$ (181,133)	\$ 1,611,569	\$ (249,163)	\$ (1,495,501)
21.70%	21.73%	20.64%	36.88%	18.66%	10.93%

**CITY OF SLIDELL, LOUISIANA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**TABLE 6**

Fiscal Year Ended June 30	Real Property		Commercial Personal Property		Public Service Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1997	\$ 75,622,776	\$ 756,227,759	\$ 27,099,731	\$ 180,664,873	\$ 8,297,714	\$ 55,318,094
1998	76,404,459	764,044,591	27,495,368	183,302,450	8,622,704	57,484,698
1999	76,394,169	763,941,690	29,109,480	194,063,200	8,893,402	59,289,347
2000	78,125,925	781,259,250	31,310,877	208,739,180	9,673,123	64,487,487
2001	85,417,503	854,175,030	32,827,273	218,848,487	10,086,142	67,240,947
2002	87,110,595	871,105,950	33,126,040	220,840,267	10,370,023	69,133,487
2003	91,335,610	913,356,100	36,020,854	240,139,027	11,333,002	75,553,347
2004	97,129,969	971,299,691	37,103,911	247,359,406	11,041,472	73,609,813
2005	112,282,845	1,122,828,450	43,867,766	292,451,773	11,406,435	76,042,900
2006	94,309,632	943,096,320	43,101,708	287,344,720	11,447,881	76,319,207

Source: tax rolls after processed change orders.

Total assessed value is based on the following percentages of estimated actual value:

Residential property	10%
Commercial property	15%
Public service property	15%
Railroad stock	15%

Railroad Stock		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 29,660	\$ 197,734	\$111,049,881	\$ 992,408,460	37.54	11%
33,340	222,266	112,555,871	1,005,054,005	37.04	11%
36,500	243,333	114,433,551	1,017,537,570	36.62	11%
36,880	245,867	119,146,805	1,054,731,784	36.25	11%
28,720	191,467	128,359,638	1,140,455,931	34.79	11%
126,190	841,267	130,732,848	1,161,920,971	34.64	11%
18,940	126,267	138,708,406	1,229,174,741	34.58	11%
23,610	157,400	145,298,962	1,292,426,310	34.15	11%
35,790	238,600	167,592,836	1,491,561,723	31.59	11%
48,030	320,200	148,907,251	1,307,080,447	30.21	11%

**CITY OF SLIDELL, LOUISIANA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 7**

Fiscal Year	City of Slidell			Overlapping Rates		
	City of Slidell			Parish		
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total Parish Millage
1997	24.24	13.30	37.54	33.38	-	33.38
1998	24.24	12.80	37.04	30.16	-	30.16
1999	24.24	12.38	36.62	30.16	-	30.16
2000	24.24	12.01	36.25	33.16	-	33.16
2001	24.17	10.62	34.79	32.38	-	32.38
2002	24.17	10.47	34.64	32.82	-	32.82
2003	24.17	10.41	34.58	32.82	-	32.82
2004	24.17	9.98	34.15	32.82	-	32.82
2005	22.38	9.21	31.59	27.71	-	27.71
2006	22.38	7.83	30.21	31.71	-	31.71

Source: St. Tammany Parish Assessor's Office.

School District				Total Direct & Overlapping Rates
Operating Millage	Debt Service Millage	Total School Millage	Special Districts	
61.20	25.90	87.10	40.99	199.01
61.20	25.90	87.10	40.99	195.29
61.20	25.90	87.10	40.99	194.87
61.20	25.90	87.10	45.99	202.50
61.20	25.90	87.10	45.94	200.21
61.20	25.90	87.10	45.99	200.55
61.20	25.90	87.10	45.99	200.49
61.20	25.90	87.10	48.49	202.56
50.69	23.90	74.59	47.02	180.91
55.94	21.90	77.84	56.02	195.78

**CITY OF SLIDELL, LOUISIANA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**June 30, 2006**  
**(UNAUDITED)**

**TABLE 8**

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart / Sam's	\$ 5,608,380	1	3.70%	\$ -	-	-
Central LA Electric Co.	5,173,330	2	3.42%	3,141,290	3	2.83%
McKesson Corp. Services	5,040,910	3	3.33%	-	-	-
Bellsouth Communications	4,620,630	4	3.05%	4,038,590	1	3.64%
Northshore Regional Med Center	2,900,330	5	1.92%	1,640,500	6	1.48%
Sizeler North Shore Limited	2,753,210	6	1.82%	2,580,692	5	2.32%
Hibernia National Bank	2,400,064	7	1.59%	-	-	-
J P Morgan Chase Bank	2,107,560	8	1.39%	-	-	-
Atmos Energy	1,377,501	9	0.91%	-	-	-
Pelican Pointe LLC	1,349,390	10	0.89%	-	-	-
Fox Meyer Drug Co.	-	-	-	3,143,295	2	2.83%
First National Bank of Commerce	-	-	-	3,027,473	4	2.73%
Healthcare Properties	-	-	-	1,583,110	7	1.43%
Maison Blanche, Inc	-	-	-	1,434,795	8	1.29%
Schwegmann	-	-	-	1,311,475	9	1.18%
IT Corporation	-	-	-	1,200,252	10	1.08%
<b>TOTALS</b>	<b>\$ 33,331,305</b>		<b>22.02%</b>	<b>\$ 23,101,472</b>		<b>20.81%</b>

Source: Current ad valorem tax rolls.



**CITY OF SLIDELL, LOUISIANA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 9**

Fiscal year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 4,157,934	\$ 4,138,889	100%	\$ 37,749	\$ 4,176,638	100% *
1998	4,169,075	4,159,333	100%	13,380	4,172,713	100% *
1999	4,190,554	4,097,212	98%	-	4,097,212	98%
2000	4,319,072	4,283,952	99%	48,564	4,332,516	99%
2001	4,465,632	4,426,303	99%	13,606	4,439,909	99%
2002	4,528,586	4,485,907	99%	9,309	4,495,216	99%
2003	4,796,537	4,752,271	99%	36,342	4,788,613	100%
2004	4,961,960	4,904,306	99%	33,492	4,937,798	100%
2005	5,294,258	5,239,772	99%	20,435	5,260,207	99%
2006	4,498,488	4,305,820	96%	26,294	4,332,114	96%

\* Total collections include redemptions.

**CITY OF SLIDELL, LOUISIANA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 10**

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Leases	LCDA Excess Rev Bond	Certificate of Indebtedness	Community Disaster Loan
1997	\$ 14,740,000	\$ 21,344,375	\$ -	\$ -	\$ 3,950,958	\$ -
1998	14,115,000	20,335,375	-	-	3,374,215	-
1999	13,460,000	19,262,375	238,734	-	2,764,123	-
2000	12,765,000	18,120,375	184,681	-	2,120,000	-
2001	12,040,000	16,916,375	127,036	1,307,500	1,745,000	-
2002	11,275,000	15,635,375	65,560	3,869,000	1,345,000	-
2003	10,465,000	14,277,375	-	4,431,100	925,000	-
2004	9,695,000	13,285,000	1,375,000	4,401,900	-	-
2005	8,920,000	11,155,000	1,261,085	4,190,900	-	-
2006	7,890,000	9,550,000	1,142,482	3,941,800	-	2,000,000

\* Information not available

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 97 for personal income and population data.

Business - Type Activities

<u>Utility Bonds</u>	<u>Equipment Leases</u>	<u>DEQ Revolving Loan</u>	<u>Total Primary Government</u>	<u>Percentage of personal Income (1)</u>	<u>Per Capita (1)</u>
\$ 2,500,000	\$ -	\$ 52,910	\$ 42,588,243	6.64%	\$ 1,632
2,415,000	-	2,135,503	42,375,093	5.94%	1,514
2,330,000	-	3,652,704	41,707,936	5.32%	1,461
2,240,000	48,372	3,507,704	38,986,132	5.13%	1,333
5,610,000	192,841	-	37,938,752	5.45%	1,495
5,350,000	145,179	-	37,685,114	4.91%	1,476
5,080,000	94,926	-	35,273,401	4.35%	1,389
4,850,937	41,940	-	33,649,777	3.94%	1,288
7,567,023	-	-	33,094,008	3.62%	1,251
7,682,980	-	-	32,207,262	*	1,111

**CITY OF SLIDELL, LOUISIANA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**TABLE 11**

<u>Fiscal Year</u>	<u>General Obligation Bonds (2)</u>	<u>Less: Amounts Available in Debt Service Fund (3)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value (1) of Property</u>	<u>Per Capita (4)</u>
1997	\$ 14,740,000	\$ 998,755	\$ 13,741,245	1.38%	520
1998	14,115,000	1,042,397	13,072,603	1.30%	460
1999	13,460,000	1,046,010	12,413,990	1.22%	428
2000	12,765,000	1,117,103	11,647,897	1.10%	394
2001	12,040,000	1,140,580	10,899,420	0.96%	424
2002	11,275,000	1,144,313	10,130,687	0.87%	388
2003	10,465,000	1,212,656	9,252,344	0.75%	336
2004	9,695,000	1,277,292	8,417,708	0.65%	298
2005	8,920,000	1,429,599	7,490,401	0.50%	258
2006	7,890,000	1,276,223	6,613,777	0.51%	228

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 83 for property value data.
- (2) Amount does not include special assessment, sales tax or revenue bonds.
- (3) Amount available for repayment of general obligation bonds.
- (4) The 1997 through 2000 and 2002 through 2006 population is based on Research Division, College of Administration and Business, Louisiana Tech University. 2001 is based on the 2000 census.

**CITY OF SLIDELL, LOUISIANA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of June 30, 2006**  
**(UNAUDITED)**

**TABLE 12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
St. Tammany Parish	\$ 55,382,738	12%	\$ 6,645,929
St. Tammany Parish School Board	195,840,000	12%	<u>23,500,800</u>
Subtotal, overlapping debt			\$ 30,146,729
City of Slidell direct debt			<u>7,890,000</u>
Total direct and overlapping debt			<u><u>\$ 38,036,729</u></u>

Source: St. Tammany Parish School Board Officials and St. Tammany Parish Comprehensive Financial Annual Report

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Slidell. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentage were estimated by determining the portion of the country's taxable assessed value that is within the government's boundaries and dividing it by the country's total taxable assessed value.

**CITY OF SLIDELL, LOUISIANA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 13**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Debt limit	\$ 38,867,528	\$ 39,394,555	\$ 40,051,743	\$ 41,701,382
Total net debt applicable to limit	<u>(13,741,245)</u>	<u>(13,072,603)</u>	<u>(12,413,990)</u>	<u>(11,647,897)</u>
Legal debt margin	<u>\$ 25,126,283</u>	<u>\$ 26,321,952</u>	<u>\$ 27,637,753</u>	<u>\$ 30,053,485</u>
Total net debt applicable to the limit as a percentage of debt limit	35.35%	33.18%	30.99%	27.93%

(1) State law allows a maximum of 35% of assessed valuation for total bonded general obligation debt.

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 44,925,873	\$ 45,756,497	\$ 48,547,942	\$ 50,854,637	\$ 58,657,493	\$ 52,117,538
(10,899,420)	(10,130,687)	(9,252,344)	(8,417,708)	(7,490,401)	(6,613,777)
<u>\$ 34,026,453</u>	<u>\$ 35,625,810</u>	<u>\$ 39,295,598</u>	<u>\$ 42,436,929</u>	<u>\$ 49,737,493</u>	<u>\$ 45,503,761</u>
24.26%	22.14%	19.06%	16.55%	12.77%	12.69%

**Legal Debt margin Calculation for Fiscal Year 2006**

Assessed value	<u>\$148,907,251</u>
(1) Debt Limit - 35% of \$148,907,251	52,117,538
Debt applicable to the limit:	
General obligation bonds	7,890,000
Less: Amount set aside for repayment of general obligation debt	<u>(1,276,223)</u>
Total net debt applicable to limit	<u>6,613,777</u>
<b>Legal debt margin</b>	<u><b>\$ 45,503,761</b></u>

**CITY OF SLIDELL, LOUISIANA  
 PLEDGED - REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**TABLE 14**

Fiscal Year	Utility Revenue Bonds				
	Utility Charges and Other	(1) Less: Operating Expenses	Net Available Revenue	Debt Service	
				Principal	Interest
1997	\$ 5,906,198	\$ 4,706,725	\$ 1,199,473	\$ -	\$ 128,988
1998	6,164,972	4,941,079	1,223,893	85,000	140,178
1999	6,313,017	5,308,336	1,004,681	225,000	239,378
2000	6,883,541	5,386,719	1,496,822	235,000	266,469
2001	7,184,163	5,729,002	1,455,161	243,176	259,045
2002	7,629,559	6,369,538	1,260,021	260,000	251,190
2003	8,535,693	5,890,080	2,645,613	270,000	240,470
2004	8,767,748	6,480,384	2,287,364	280,000	229,123
2005	9,144,704	6,314,018	2,830,686	445,000	250,332
2006	7,873,276	6,319,334	1,553,942	460,000	335,892

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Amount does not include depreciation.



Special Assessment Bonds				
Coverage	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
9.30	-	-	-	-
5.44	-	-	-	-
2.16	-	-	-	-
2.98	-	-	-	-
2.90	-	-	-	-
2.46	-	-	-	-
5.18	-	-	-	-
4.49	-	-	-	-
4.07	-	-	-	-
1.95	-	-	-	-

**CITY OF SLIDELL AND ST. TAMMANY PARISH, LOUISIANA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 15**

<u>Fiscal Year</u>	<u>City of Slidell Population (1)</u>	<u>St. Tammany Parish Population (2)(6)</u>	<u>St. Tammany Parish Total Personal Income (3) (6)</u>	<u>St. Tammany Parish Per Capita Personal Income (3)(6)</u>
1997	26,408	168,392	\$ 4,109,179,000	\$ 23,006
1998	28,394	173,841	4,377,083,000	24,224
1999	29,004	179,466	4,896,536,000	25,945
2000	29,596	185,273	5,063,841,000	26,245
2001	25,695	191,268	5,358,891,000	27,859
2002	26,086	193,466	5,898,786,000	30,097
2003	27,563	201,462	6,234,985,000	30,899
2004	28,237	202,203	6,565,576,000	31,639
2005	28,990	210,296	7,027,647,000	32,886
2006	28,990	220,295	*	*

\* Information not available

**Sources:**

- (1) 1997-2000 and 2002-2006 population is based on research Division, College of Administration and Business, Louisiana Tech University. 2001 is based on the 2000 census.
- (2) St. Tammany Economic Development Foundation
- (3) U.S. Bureau of Economic Analysis
- (4) Louisiana department of Labor
- (5) St. Tammany Parish School Board
- (6) City of Slidell Demographic Information not available

Unemployment Rate (4)	City of Slidell School Enrollment (5)	Median Age	Education Level in Years of Formal Schooling
4.5%	32,001	*	*
3.9%	32,373	*	*
3.1%	32,567	*	*
2.5%	32,312	36.3	*
3.5%	32,502	*	*
4.5%	32,870	*	*
4.4%	34,463	*	*
4.5%	35,214	*	*
3.9%	36,169	36.8	*
4.2%	34,728	*	*

**ST. TAMMANY PARISH  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

**TABLE 16**

<u>Employer</u>	<u>Location</u>	<u>2006</u>			<u>1997</u>		
		<u>Employees</u>	<u>Rank</u>	<u>% of Total St. Tammany Parish Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total St. Tammany Parish Employment</u>
St. Tammany Parish School Board	Slidell/Covington	7,651	1	7.33%	4,205	1	10.92%
St. Tammany Parish Hospital	Covington	1,500	2	1.44%	799	3	2.08%
Wal-Mart	Parish wide	1,125	3	1.08%	-	-	-
Slidell Memorial Hospital	Slidell	1,022	4	0.98%	937	2	2.43%
Lakeview Regional Medical Center	Covington	715	5	0.69%	567	4	1.47%
St. Tammany Parish Sheriff's Office	Parish wide	650	6	0.62%	540	6	1.40%
Southeast Louisiana Hospital	Mandeville	621	7	0.59%	550	5	1.43%
Home Depot	Parish wide	500	8	0.48%	-	-	-
Northshore Regional Medical Center	Slidell	490	9	0.47%	502	7	1.30%
St. Tammany Parish Government	Parish wide	470	10	0.45%	297	10	0.77%
City of Slidell	Slidell	347		-	328	8	0.85%
Goux Enterprises/Goux Health Care		-		-	300	9	0.78%
<b>TOTAL</b>		<u>7093</u>		<u>14.13%</u>	<u>9025</u>		<u>23.43%</u>

**Source:**

2006 information: St. Tammany Economic Development Foundation

1997 information: Book of Lists 1997-1998, New Orleans City Business

**CITY OF SLIDELL, LOUISIANA**  
**FULL - TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**TABLE 17**

Function	Full-time equivalent Employees as of June 30,					
	1997	1998	1999	2000	2001	2002
General Government						
Administrative	6	7	7	7	7	7
Finance (1)	22	22	21	21	21	22
Legal	2	2	2	2	2	2
Animal Control	8	8	8	8	8	8
Civil Service	3	3	4	3	4	4
Legislative	12	12	12	12	12	12
Regional Training Facility	3	3	3	3	3	3
Public Safety						
Police						
Officers	76	76	77	77	77	78
Civilians	24	25	25	26	27	26
Public Works						
Public Operations (2)	57	55.5	55.5	55.5	57.5	52.5
Permits	7	8	8	8	8	8
Planning	4	4	4	4	4	4
Engineering	8	7	6	6	7	7
Public Utility (3)	57	55.5	56.5	60.5	58.5	63.5
Judicial System	4	4	4	4	4	4
Recreation and Culture	27	27	27	27	27	35
Airport	2	2	2	2	2	2
Total	322	321	322	326	329	338

Note: Includes elected, unclassified, and classified full time employees.  
1997-2005 figures represent actual number of employees, 2006 figures represent adopted budget allocations.

(1) Includes finance administration, data processing, purchasing and risk management.

(2) Includes sales tax administration, vehicle maintenance, streets, bridges, drainage, general maintenance & electrical.

(3) Includes public utility administration, wastewater treatment plant, wastewater collection & water maintenance.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
7	6	6	6
22	22	22	22
2	2	2	2
8	8	8	8
4	4	4	4
12	12	12	12
3	3	3	3
82	82	82	82
26	26	26	26
67.5	72.5	71.5	71.5
8	8	8	9
4	4	4	4
8	8	8	8
63.5	63.5	64.5	64.5
4	4	4	4
22	18	18	18
1	2	3	3
<u>344</u>	<u>345</u>	<u>346</u>	<u>347</u>

**CITY OF SLIDELL, LOUISIANA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 18**

	Fiscal Year					
	1997	1998	1999	2000	2001	2002
Function:						
Police						
Total arrests	4,267	3,808	4,012	3,916	3,099	2,946
Parking tickets	226	194	195	360	463	317
Traffic violations (1)	3,578	3,286	4,148	4,746	3,572	3,901
Public Works						
Potholes repaired	200	221	279	270	400	551
Public Utility						
Water						
Number of accounts	9,170	9,199	9,398	9,494	9,674	9,897
New meter connections	123	153	127	*	*	*
Old meter change out	267	319	400	*	*	*
Daily average consumption (MGD)	4	4	4	4	4	4
Wastewater						
Number of accounts	8,996	9,057	9,255	9,332	9,512	9,733
Average daily treated wastewater (MGD)	4	4	4	4	4	4
Building Permits						
New residential	115	149	140	113	139	203
Residential additions	150	158	154	124	158	151
New commercial	25	36	31	20	14	33
Commercial additions	137	112	118	123	123	100
Recreation and Culture						
Number of teams in softball league	*	*	*	*	*	*
Number of children on summer camp	*	*	*	*	*	*
Park Pavilions Rentals	*	*	*	*	*	*
Airport						
Number of land leases	*	*	*	*	*	*
Number of tie downs	*	*	*	*	*	*
Number of hanger leases	*	*	*	*	*	*

Sources: Various government departments

Note: Indicators are not available for the general government function

(1) Traffic violations do not include parking tickets

\* Information not available

2003	2004	2005	2006
3,238	3,545	3,918	2,965
294	145	168	77
3,460	4,783	3,931	3,433
680	320	50	100
9,960	9,990	9,990	9,502
*	80	174	131
*	758	758	307
4	4	4	4
9,839	9,830	9,830	9,334
5	5	5	5
162	67	67	86
278	150	150	2,149
67	49	49	25
107	131	131	232
*	50	81	26
*	274	301	154
*	205	191	107
*	10	10	10
*	32	32	32
*	2	1	1



**CITY OF SLIDELL, LOUISIANA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**TABLE 19**

Function	Fiscal Year				
	1997	1998	1999	2000	2001
<b>Public safety</b>					
Police:					
Stations	2	2	2	2	2
Training Academy	1	1	1	1	1
<b>Public Works</b>					
Paved streets (miles)	113.7	117.5	118.5	119.5	119.5
Unimproved streets (miles)	1.3	1.3	1.3	1.3	1.3
Streetlights	2,436	2,519	2,561	2,587	2,645
Traffic signals	56	56	56	56	57
<b>Public Utility</b>					
Water					
Water mains (miles)	149	150	152	152	152
Maximum capacity of water storage tanks (gallons)	1,500,000	2,133,000	2,133,000	2,133,000	2,133,300
Number of water storage tanks	4.0	5.0	5.0	5.0	5.0
Productive capacity (MGD)	17.0	17.0	17.0	17.0	17.0
Sewer					
Sanitary sewers (miles)	95	97	100	100	100
Plant capacity (MGD)	6.0	6.0	6.0	6.0	6.0
<b>Recreation and Culture</b>					
Parks acreage	369	369	369	369	369
Number of playgrounds	18	18	18	18	18
Number of picnic areas	6	6	6	6	6
Number of gyms	1	1	1	1	1
<b>Airport</b>					
Feet of Runway	4,000	4,000	4,000	4,000	4,000
Feet of Taxiway	4,000	4,000	4,000	4,000	4,000
Feet of Auburn Taxiway	-	-	-	-	-
Number of T-Hangers	-	-	-	-	-
Feet of T-Hangers	-	-	-	-	-

Sources: Various city departments.

Note: No capital asset indicators are available for the general government function.

2002	2003	2004	2005	2006
2	2	2	2	2
1	1	1	1	1
120.4	121.3	122.6	122.6	144
1.3	1.3	1.9	1.9	8
2,755	2,724	2,738	2,738	2,844
59	60	57	57	58
153.2	154.88	156.48	156.48	156.48
2,133,000	2,150,000	2,150,000	2,150,000	2,150,000
5.0	6.0	6.0	6.0	6.0
17.0	10.9	10.9	10.9	10.9
101.21	105.46	106.9	106.9	106.9
6.0	6.0	6.0	6.0	6
400.24	420.24	420.24	420.24	420.24
20	21	22	22	22
12	17	18	18	18
1	2	2	2	2
4,000	4,000	4,000	4,000	5,000
4,000	4,000	4,000	4,000	5,000
-	-	800	800	800
-	-	16	16	16
-	-	1,400	1,400	1,400

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009  
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members of the City Council  
City of Slidell, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Slidell, Louisiana (the "City") as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated, October 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City's management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Reboue & Company*

October 6, 2006

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3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009  
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members of the City Council  
City of Slidell, Louisiana

### Compliance

We have audited the compliance of the City of Slidell, Louisiana (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Slidell, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants

applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the City of Slidell's management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

October 6, 2006

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year ended June 30, 2006**

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	TOTAL GRANT AWARD	FEDERAL AND OTHER EXPENDITURES
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Community Planning and Development Division				
Community Development Block Grant,				
Entitlement Grant	14.218	B-04-MC-22-0010	\$ 491,248	\$ 281,948
Entitlement Grant	14.218	B-03-MC-22-0010	219,248	1,709
				<u>283,657</u>
Pass through the State of Louisiana				
Office of Community Services				
Emergency Shelter Grant	14.231	610795	30,750	<u>21,357</u>
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<u>305,014</u>
<b>DEPARTMENT OF JUSTICE</b>				
Bureau of Justice Assistance				
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0248	15,102	9,141
Local Law Enforcement Block Grant	16.592	2003-LB-BX-0356	34,613	2,462
				<u>11,603</u>
Bulletproof Vest Partnership Grant	16.607	-	42,833	<u>5,908</u>
Criminal records/AFIS Integration	16.738	2005-DJ-BX-0229	50,739	<u>50,001</u>
Office of Community Oriented Policing Services				
COPS 2003 Technology Grant	16.710	2003CKWX0038	49,675	<u>6,424</u>
Asset Forfeiture and Money Laundering Section				
Asset Forfeiture	-	96-2450-J11	-	<u>32,215</u>
Pass through the State of Louisiana:				
Office of the Governor, Louisiana Commission on Law Enforcement and Administration of Criminal Justice				
LCLE Youth Education Shoplifting Program	16.523	A02-B-006	13,677	<u>3,077</u>
LCLE Katrina Emergency Funds	16.738	B05-8-023	12,000	<u>12,000</u>
<b>TOTAL DEPARTMENT OF JUSTICE</b>				<u>121,228</u>
<b>DEPARTMENT OF TRANSPORTATION</b>				
Federal Aviation Administration				
Runway Extension Phase II	20.106	3-22-0060-014-2005	1,851,928	<u>1,718,397</u>
Pass through the State of Louisiana:				
Louisiana Department of Transportation and Development				
Northshore Blvd. Overlay Project	20.205	STP-5203(501)	440,007	<u>367,747</u>
DOTD Hurricane Damage Repair	20.106	3-22-2200-004-2006	17,729	<u>5,500</u>
Louisiana Department of Public Safety and Corrections				
Slidell PD Year Long	20.600	PT 06-22-00	40,000	39,908
Slidell PD Year Long	20.600	PT-05-40-00	15,240	2,337
				<u>42,245</u>
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>				<u>2,133,889</u>

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**For the Year ended June 30, 2006**

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	TOTAL GRANT AWARD	FEDERAL AND OTHER EXPENDITURES
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Pass through the State of Louisiana				
Military Department, Office of Homeland Security and Emergency Preparedness				
Non-structural Repetitive Loss Reduction - Phase IV	97.039	HMGP 1437-103-0003	4,252,642	197,018
Construct Emergency Response Center	97.039	UN-1246-103S-0003	858,702	495,906
				<u>692,924</u>
Public Assistance Grant - Katrina 1603	93.576	DR 1603	-	7,554,392
Public Assistance Grant - Rita 1607	93.576	DR 1607	6,325	6,325
				<u>7,560,717</u>
Community Disaster Loan Program (Note C)	97.030	EMT-2006-LF-1603LA17	5,023,595	<u>2,000,000</u>
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<u>10,253,641</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Pass through the UNO Research and Technology Foundation				
UNO Sewer Pump Station Rehab	66.606	58535-S11	50,000	15,000
UNO FY06 Sewer Pump Station Rehab	66.606	585840-S4	74,149	40,020
				<u>55,020</u>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<u>55,020</u>
<b>DEPARTMENT OF ENVIRONMENTAL QUALITY</b>				
Municipal Facilities Revolving Loan Fund Program (Note C)	66.458	CS-22136-01	3,900,000	2,605,000
Municipal Facilities Revolving Loan Fund Program (Note C)	66.458	CS-22136-02	4,100,000	3,482,980
				<u>6,087,980</u>
<b>TOTAL DEPARTMENT OF ENVIRONMENTAL QUALITY</b>				<u>6,087,980</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<u>\$ 18,956,772</u>

The accompanying Notes to Schedule of Expenditures of Federal Awards are in integral part of this schedule.



**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants.

**2. ACCRUED REIMBURSEMENT**

Various reimbursement procedures are used for federal awards received by the City. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year.

**3. PAYMENTS TO SUBRECIPIENTS**

There were no payments to subrecipients for the fiscal year ended June 30, 2006.

**NOTE B - DESCRIPTION OF GRANTS**

**United States Department of Housing and Urban Development (HUD)**  
**Community Development Block Grant (CDBG), Entitlement Grant**

HUD provides the City with funds on a reimbursement basis for expenditures incurred by the City in connection with activities that meet one of the following objectives (1) benefiting low and moderate-income families, (2) aiding in the prevention or elimination of slums and blight, and (3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health and welfare of the community and other financial resources are not available to meet such needs.

**Emergency Shelter Grant**

The Caring Center, Inc., a 501(c)(3) non-profit organization, operates a shelter for homeless women and children in the community on behalf of the City. HUD reimburses for costs to provide shelter, homeless prevention, and essential services at the emergency shelter. HUD also pays a small administrative fee to the City. The City provides matching funds, primarily in the value of rent equivalent for the building. The Caring Center also provides matching funds through donations of cash, goods and services.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**  
**For the Year Ended June 30, 2006**

**NOTE B – DESCRIPTION OF GRANTS (CONTINUED)**

**United States Department of Justice  
Local Law Enforcement Block Grant**

This Bureau of Justice Assistance block grant provides the City with funds to underwrite projects to reduce crime and improve public safety. After holding public hearings, the City elected to purchase new technology equipment.

**Bulletproof Vest Partnership Grant**

The Bureau of Justice Assistance is reimbursing the City for up to 50% of the cost of bulletproof vests. This funding is provided under the Bulletproof Vest Partnership Grant Act of 1998.

**Criminal Records/AFIS Integration**

The U.S. Department of Justice, Office of Justice Programs, is providing emergency funding to support local law enforcement initiatives in communities which the Department of Justice has been able to identify as being in the greatest need and hardest hit by hurricane Katrina in Louisiana, Mississippi, and Alabama. Grant funds are to be used for equipment and services needed to provide law enforcement and public safety services to their community.

**COPS 2003 Technology Grant**

The U.S. Department of Justice, Office of Community Oriented policing services (COPS) is providing funding to enhance technology applications within the police department and the Regional Police Academy. These funds are to be used to expand access to state, national, and regional crime information databases to increase communication between officers.

**Asset Forfeiture Grant**

The City participates in the federal equitable sharing program for the use of federally forfeited cash, property, proceeds, and any interest earned thereon with law enforcement agencies.

**LCLE Youth Education Shoplifting Program**

The Bureau of Justice Assistance funds the City 90% of the cost for an offense-specific curriculum based on shoplifting prevention.

**LCLE Katrina Emergency Funds**

The Louisiana Commission on Law Enforcement is providing funding to replace uniforms lost due to hurricane Katrina. The uniform shirts, pants, hask marks, stars, flags, etc. are for the Slidell Police Department's Officers.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**  
**For the Year Ended June 30, 2006**

**NOTE B – DESCRIPTION OF GRANTS (CONTINUED)**

**U.S. Department of Transportation**  
**Runway Extension Phase II**

The Federal Aviation Administration (95%) and the Department of Transportation and Development Aviation Division (5%) is providing funding for the environmental assessment and engineering for extending runway 18/36. The principal objectives for the proposed project are intended to provide for the growth and enhancement of aeronautics at the facility. The completion of the project will give Slidell Municipal Airport a 5000 foot runway open to jet traffic, and in addition to the runway extension, this project provides for the extension of taxiway A in order to provide a full parallel taxiway.

**Northshore Blvd. Overlay Project**

The Department of Transportation is reimbursing 80% of the costs to cold-plane and overlay four asphalt lanes, restripe travel lanes, and replace inductance loops for traffic signals on Northshore Blvd. The remaining 20% of the construction costs is a City match.

**DOTD Hurricane Damage Repair**

The Louisiana Department of Transportation and Development is providing funds to repair the Unicom radio antenna, portions of the perimeter fence, and the maintenance shed at the Slidell Airport location. It also provides funds for an engineering assessment and evaluation to be completed on the hangar damage.

**Slidell PD Year Long**

This grant provides funds for overtime reimbursement to reduce the highway death rate on Louisiana streets, roads, and highways. Its goal is to also reduce the percentage of alcohol involved traffic crashes and fatalities as well as increase safety belt usage.

**U.S. Department of Homeland Security**  
**Non-Structural Repetitive Loss Reduction- Phase IV**

The City is administering FEMA funding to elevate flood prone structures, the acquisition of flood prone structures or to flood proof structures to reduce flood losses. FEMA will incur 75% of the cost to elevate, acquire or flood proof the structure and the owner will incur 25%.

**Construct Emergency Response Center**

FEMA is providing 75% of the cost to construct a 5500 square foot reinforced concrete building designed to withstand hurricane force winds to provide a centralized operations center.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**  
**For the Year Ended June 30, 2006**

**NOTE B – DESCRIPTION OF GRANTS (CONTINUED)**

**Federal Emergency Management Agency Public Assistance Grants-Hurricanes Katrina and Rita**

FEMA reimbursed 75% to 100% of the cost to provide emergency protective measures, debris removal, and individual project worksheets to repair damage caused by the storm surge and wind damage from Hurricanes Katrina and Rita.

**United States Environmental Protection Agency**

**UNO Sewer Pump Station Rehabilitation**

This grant provides funding to rehabilitate the City's aging sewer pump station inventory, thereby increasing their reliability and decreasing the occurrence of sanitary sewer overflows that are due to pump station failure. Decreasing the occurrence of sanitary sewer overflows will improve the water quality of Lake Pontchartrain by reducing the amount of wastewater that is indirectly introduced through tributary waterways.

**UNO FY06 Sewer Pump Station Rehabilitation**

The UNO Research and Technology Foundation has agreed to participate in this fourth phase of the continuing efforts to rehabilitate the City's aging sewer pump station inventory, thereby increasing their reliability and decreasing the occurrence of sanitary sewer overflows that are due to pump station failure. Decreasing the occurrence of sanitary sewer overflows will improve the water quality of Lake Pontchartrain by reducing the amount of wastewater that is indirectly introduced through tributary waterways.

**CITY OF SLIDELL, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**  
**For the Year Ended June 30, 2006**

**NOTE C - LOANS OUTSTANDING**

On May 28, 1997, the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) Loan No. CS-221 136-01. The purpose of the loan is to pay a portion of the cost of constructing improvements to the wastewater system of the City. Under the terms of the agreement, the DEQ, through its Municipal Facilities Revolving Loan Fund, will loan the City an amount not to exceed \$3,900,000. Upon completion of the project the City issued Utility Revenue Bonds to evidence the debt as authorized by ordinance No. 2727. The bonds are payable over a 20 year period and bear an interest rate of 3.95 percent. The outstanding loan balance is included in the Supplementary Schedule of Expenditures of Federal Awards.

On March 25, 2004, the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) Loan No. 22-1136-02. The purpose of the loan is to pay a portion of the cost of constructing improvements to the wastewater treatment plant of the City. Under the terms of the agreement, the DEQ, through its Municipal Facilities Revolving Loan Fund, will loan the City an amount not to exceed \$4,100,000. Upon completion of the project (currently expected to be completed in fiscal year 2007), the actual amount borrowed will be determined and the City will issue Utility Revenue Notes to evidence the debt as authorized by Ordinance No. 3173. The bonds will be payable over a 20 year period and will bear an interest rate of 3.95 percent. As of June 30, 2006, \$3,787,980 has been drawn down and \$305,000 has been repaid on the loan. A liability of \$3,482,980 has been recorded in the financial statements of the Utility enterprise Fund. Under the terms of the agreement, the City is subject to compliance with certain provisions and covenants. As of June 30, 2006 the City is in compliance with all significant provisions and covenants.

On November 23, 2005, the City entered into a loan and pledge agreement with the United States of America, acting through the Federal Emergency Management Agency (FEMA) under the provisions of the Community Disaster Loan Act of 2005. The purpose of the loan is to allow the City to carry on existing governmental functions of a municipal operating character or to expand such functions to meet disaster related needs. Under the terms of the agreement, the City may borrow up to \$5,023,000. The loan is disbursed in increments as requested by the city. Simple interest based on the five year Treasury note plus one per cent accrues from the date of each disbursement. The term on the loan is five years and may be extended or cancelled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. Payments of principal and interest may be deferred until the end of the five year period. As of June 30, 2006, \$2,000,000 has been drawn down and \$0 has been repaid on the loan. A liability of \$2,000,000 has been recorded in the statement of net assets for governmental activities.

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2006**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Slidell, Louisiana.
2. No reportable conditions in internal control relating to the audit of the financial statements are reported in the *Report on Compliance and on Internal Control over Financial Reporting on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Slidell, Louisiana were reported in the *Report on Compliance and on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* as item 06-1.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the City of Slidell, Louisiana expresses an unqualified opinion.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. A management letter was issued for the year ended June 30, 2006.
8. The programs tested as major programs are:

**CFDA Number**

Public Assistance Grants – Katrina and Rita	93.576
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Community Disaster Loan Program	97.030
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9. The threshold for distinguishing Types A and B programs was \$505,703.
10. City of Slidell, Louisiana was determined to be a low-risk auditee.

**CITY OF SLIDELL, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended June 30, 2006**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2006.

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL  
AWARD PROGRAMS**

There were no findings related to federal awards for the year ended June 30, 2006.

**CITY OF SLIDELL, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2006**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

None.

**SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR  
FEDERAL AWARD PROGRAMS**

None.

**SECTION III - MANAGEMENT LETTER**

None.



**CITY OF SLIDELL, LOUISIANA  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2006**

There are no compliance and/or internal control findings as described in the Schedule of Findings and Questioned Costs. Accordingly, no corrective action plan is required as a part of this section.

**CITY OF SLIDELL, LOUISIANA**  
**MEMORANDUM OF ADVISORY COMMENTS**

**June 30, 2006**

**REBOWE & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS  
A PROFESSIONAL CORPORATION

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009  
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

Members of the City Council  
City of Slidell, Louisiana

We have audited the basic financial statements of the City of Slidell, Louisiana (the "City") as of and for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. As part of our audit we considered the City's internal control in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

Our consideration of the internal control has been reported on in a separately issued report entitled "Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We have discussed our comments and recommendations with the City's administrative personnel and the City has completed a corrective action plan. We will be pleased to discuss these comments and suggestions with you in future detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

*Rebowe & Company*

October 6, 2006

### Special Revenue Fund Budget

Louisiana Revised Statutes 39:1304, require the adoption of a comprehensive budget presenting a complete financial plan for the ensuing year for the general fund and each special revenue fund. Within the special revenue fund group a budget was not prepared for the Katrina Special Revenue Fund. Louisiana Revised Statute 39:1311(B) exempts special revenue funds which are expenditure-driven in this manner from the requirement to adopt amended budgets if projected revenues or expenses deviate more than 5% from the adopted budget; however, such funds are not exempt from the requirement to prepare a formal budget near the start of each fiscal year.

### Recommendation

The City's management should ensure compliance with Louisiana budget regulations by adopting budgets for every special revenue fund.

### Management's Response

After fiscal year 2006 began the Katrina Fund was created in response to a state of emergency induced by Hurricane Katrina. This fund was used to account for costs the City expects to be eligible for reimbursement by the Federal Emergency Management and/or insurance. In 2007, the City will include the Katrina Fund during the supplemental budget process. Sharon Howes, CPA, Director of Finance (986-646-4316).

### Interest Arbitrage Calculations

The tax reform act of 1986 mandated that interest income earned in excess of interest expense on federally borrowed funds be rebated back to the US Government. These arbitrage calculations/payments are due every five years or within 60 days of maturity. Calculations are to be done on any bonds issued that in total exceed \$5 million per year. Calculations were due in fiscal year 2006 for Public Improvement Bonds, Series ST-1996, General Obligation Refunding Bonds, Series 1996 and Utility Revenue Bonds, Series 1996.

### Recommendation:

We recommend that the City of Slidell perform arbitrage calculations in a timely manner. Failure to comply with arbitrage requirements could result in the City losing tax exempt status of the Bonds.

### Management's Response:

As a result of Hurricane Katrina flooding, the Finance Department lost many critical documents that are required to perform arbitrage calculations. The City has contacted our bond counsel and we will proceed as so advised. Sharon Howes, CPA, Director of Finance (985-646-4316).

## GASB Statement No. 45

In June 2004, the Governmental Auditing Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. This Statement generally requires state and local governmental employers to account and report the annual cost of other post employment benefits (OPEB) based on actuarially determined amounts.

Financial statements generally do not report the financial statement effects of OPEB until the promised benefits are paid. As a result, this Statement improves financial reporting by requiring accrual-basis measurement and recognition of OPEB cost (expense) over a period of time that approximates the employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

Based on an actuarial valuation, any net OPEB obligations, including amounts associated with under or over contributions from governmental funds, should be reported as liabilities in the government-wide financial statements. Similarly, net OPEB obligations associated with proprietary or fiduciary funds from which contributions are made should be displayed as liabilities in the financial statements of those funds.

In addition to recording liabilities in the financial statements, there are also disclosure requirements regarding the plans in which the employer participates, funding policies, the actuarial valuation process, and the extent to which the plan has been funded.

The City will be required to comply with this new standard for its fiscal year ending June 30, 2009.

### Recommendation

The City should become familiar with this new Statement so that it can implement it by its effective date.

### Response

The City will develop a plan of action to implement this new Statement by its effective date.  
Sharon Howes, CPA, Director of Finance (985-646-4316).